Government of Canada Gouvernement du Canada

Prepared by the
Receiver General for Canada

# Public Accounts of Canada

# 2011

## Volume I

## Summary Report and Financial Statements

Canada

© Minister of Public Works and Government Services Canada 2011
Available in Canada through
your local bookseller
or by mail from
Publishing and Depository Services
PWGSC
Ottawa, Canada  K1A 0S5
Internet: http://publications.gc.ca
Phone: 1-613-941-5995 or 1-800-635-7943
Paper copy: Catalogue No.  P51-1/2011-1E
ISBN 978-0-660-20032-3
PDF copy: Catalogue No.  P51-1/2011-1E-PDF
ISBN 978-1-100-17856-1

*To His Excellency*

The Right Honourable David Johnston,
C.C., C.M.M., C.O.M., C.D.,
*Governor General and*
*Commander-in-Chief of Canada*

May it please your Excellency:

I have the honour to present to Your Excellency the *Public Accounts of Canada* for the year ended March 31, 2011.

All of which is respectfully submitted.

Tony Clement, P.C., M.P.
*President of the Treasury Board and Minister*
*for the Federal Economic Development*
*Initiative for Northern Ontario*

Ottawa, November 3, 2011

---

To The Honourable Tony Clement, P.C., M.P
*President of the Treasury Board and*
*Minister for the Federal Economic*
*Development Initiative for Northern Ontario*

Sir:

In accordance with the provisions of section 64(1) of the *Financial Administration Act*, I have the honour to transmit herewith the *Public Accounts of Canada* for the year ended March 31, 2011, to be laid by you before the House of Commons.

Respectfully submitted,

Rona Ambrose

Rona Ambrose, P.C., M.P.
*Receiver General for Canada*

Ottawa, November 3, 2011

---

To The Honourable Rona Ambrose, P.C., M.P.
*Receiver General for Canada*

Madam:

I have the honour to submit the *Public Accounts of Canada* for the year ended March 31, 2011.

Under section 64(1) of the *Financial Administration Act*, the *Public Accounts of Canada* for each fiscal year shall be prepared by the Receiver General and shall be laid before the House of Commons by the President of the Treasury Board on or before the thirty-first day of December next following the end of that year, or if the House of Commons is not then sitting, within the first fifteen days next thereafter that the House of Commons is sitting.

This annual report is presented in three volumes:

Volume I—The financial statements of Canada on which the Auditor General has expressed an opinion and provided his observations; a discussion and analysis of the financial statements and a ten-year comparison of financial information; analyses of revenues and expenses, and of asset and liability accounts; and various other statements;

Volume II—Details of the financial operations of the Government, segregated by ministry; and

Volume III—Additional information and analyses.

Respectfully submitted,

François Guimont
*Deputy Receiver General for Canada*

Ottawa, November 3, 2011

This page has been intentionally left blank.

# VOLUME I

## 2010-2011

## *PUBLIC ACCOUNTS OF CANADA*

# Table of contents

**Section**

Introduction
1. Financial Statements Discussion and Analysis
2. Financial Statements of the Government of Canada and Report and Observations of the Auditor General of Canada
3. Revenues, Expenses and Accumulated Deficit
4. Consolidated Accounts
5. Accounts Payable and Accrued Liabilities
6. Interest-Bearing Debt
7. Cash and Accounts Receivable
8. Foreign Exchange Accounts
9. Loans, Investments and Advances
10. Non-Financial Assets
11. Contractual Obligations and Contingent Liabilities
12. Index

# INTRODUCTION TO THE *PUBLIC ACCOUNTS OF CANADA*

## Nature of the *Public Accounts of Canada*

The *Public Accounts of Canada* is the report of the Government of Canada prepared annually by the Receiver General, as required by section 64 of the *Financial Administration Act*. It covers the fiscal year of the Government, which ends on March 31.

The information contained in the report originates from two sources of data:

- the summarized financial transactions presented in the accounts of Canada, maintained by the Receiver General; and
- the detailed records, maintained by departments and agencies.

Each department and agency is responsible for reconciling its accounts to the control accounts of the Receiver General, and for maintaining detailed records of the transactions in their accounts.

The report covers the financial transactions of the Government during the year. In certain cases, parliamentary authority to undertake transactions was provided by legislation approved in earlier years.

## Format of the *Public Accounts of Canada*

The *Public Accounts of Canada* is produced in three volumes.

**Volume I** presents the audited financial statements of the Government, as well as additional financial information and analyses;

**Volume II** presents the financial operations of the Government, segregated by ministry; and

**Volume III** presents supplementary information and analyses.

# SECTION 1

## 2010-2011

## *PUBLIC ACCOUNTS OF CANADA*

# Financial Statements Discussion and Analysis

## CONTENTS

*Page*

Financial statements discussion and analysis ................ 1.2
  Introduction ........................................ 1.2
    2010-2011 financial highlights ........................ 1.2
  Discussion and analysis ................................ 1.3
    Economic highlights ................................ 1.3
    The budgetary balance .............................. 1.5
    Revenues ........................................... 1.6
    Expenses ........................................... 1.7
    Comparison of actual results to budget projections ........ 1.8
    Accumulated deficit ................................ 1.9
    Risks and uncertainties .............................. 1.14
Ten year comparative financial information ................ 1.15
  Detailed statement of operations and accumulated deficit .. 1.15
  Detailed statement of financial position .................. 1.16
  Statement of change in net debt ......................... 1.17
  Statement of cash flow ................................ 1.18
  Detailed statement of non-budgetary transactions and of non-financial assets .................................. 1.19
  Detailed statement of foreign exchange, unmatured debt and cash transactions ................................ 1.20
Glossary of terms ...................................... 1.21

### NOTE TO READER

An overview of the financial operations of the Government of Canada is provided in the ***Annual Financial Report*** prepared by the Department of Finance. This Report also includes condensed financial statements.

Accompanying this Report are historical fiscal reference tables and related fiscal indicators for the federal government and the provinces.

The ***Annual Financial Report*** is available on the Internet at http://www.fin.gc.ca/.

# FINANCIAL STATEMENTS DISCUSSION AND ANALYSIS

## Introduction

The *Public Accounts of Canada* is a major accountability report of the Government of Canada. This section, together with the other sections in this volume and in Volumes II and III of the *Public Accounts of Canada*, provides detailed supplementary information in respect of matters reported in the audited financial statements in Section 2 of this volume. Further discussion and analysis of the Government's financial results can be found in the *Annual Financial Report of the Government of Canada – Fiscal Year 2010-2011*, available on the Department of Finance's website.

The financial statements have been prepared under the joint direction of the Minister of Finance, the President of the Treasury Board and the Receiver General for Canada. Responsibility for the integrity and objectivity of the financial statements rests with the Government. A glossary of terms used in this financial statement discussion and analysis is provided at the end of this section.

## 2010-2011 Financial Highlights

- The Government posted a budgetary deficit of $33.4 billion for the fiscal year ended March 31, 2011, compared to a budgetary deficit of $55.6 billion in 2009-2010. Roughly half of the $33.4-billion deficit was attributable to actions taken under Canada's Economic Action Plan, which has provided significant additional support to Canadians in the form of personal income tax reductions, enhanced Employment Insurance (EI) benefits, investments in infrastructure and support for housing, support for industries and communities, and actions to improve access to financing.
- The $33.4-billion deficit in 2010-2011 was $2.8 billion lower than forecast in the June 2011 budget. Revenues were $1.5 billion higher than forecast, while program expenses were $1.2 billion lower than forecast.
- The accumulated deficit (the difference between total liabilities and total assets) stood at $550.3 billion at March 31, 2011. The accumulated deficit-to-GDP (gross domestic product) ratio was 33.9 percent, down 0.1 percentage point from a year earlier. The accumulated deficit-to-GDP ratio at March 31, 2011 stood at less than half of its peak of 68.4 percent at March 31, 1996.
- As reported by the Organisation for Economic Co-operation and Development (OECD), Canada's total government net debt-to-GDP ratio stood at 30.4 percent in 2010. This is the lowest level among Group of Seven (G-7) countries, which the OECD estimates recorded an average net debt of 71.4 percent of GDP in that same year.

# Discussion and Analysis

## Economic Highlights [1]

Throughout 2010 and into early 2011, the global economy continued its recovery from the deepest and most synchronized recession since the 1930s. During this time, global financial market conditions improved and commodity prices rebounded. However, in more recent months the global economic recovery has slowed and downside risks have grown. Weakening global economic growth, particularly in the U.S. and Europe, combined with ongoing concern about sovereign debt in Europe, have led to increasing volatility in global equity, bond and foreign exchange markets.

Reflecting Canada's strong economic and fiscal fundamentals, together with the impact of Canada's Economic Action Plan and significant monetary policy stimulus, the Canadian economy has had the strongest recovery to date among G-7 countries. Economic activity in Canada is now about 1.8 percent above its pre-recession level, while employment is 1.0 percent higher. Indeed, Canada is the only G-7 country to have recovered both all of the GDP and all of the employment lost during the recession.

Throughout 2010, growth in Canada was fuelled by a strong rebound in consumer and business expenditures, reflecting in part the positive impact of Canada's Economic Action Plan, low interest rates and strong fundamentals. Growth in real consumer spending on goods and services has averaged more than 3 percent in 2010. Business investment in machinery and equipment has been even stronger, growing on average by more than 17 percent per quarter. In the first half of 2011, domestic demand in Canada remained strong, with consumption and business investment continuing to expand. In particular, business investment in machinery and equipment grew by more than 16 percent in the first half of 2011. The strength of the domestic economy, however, has been dampened by weak demand for Canadian exports, particularly from the U.S.

The economic recovery has underpinned a strong rebound in Canada's labour market. By July 2011, the economy had created about 600,000 jobs relative to its trough in July 2009—more than offsetting the jobs lost in Canada during the global economic downturn. Canada's labour market recovery has also been widespread, with virtually all provinces having recorded employment gains over the recovery. Furthermore, most of the jobs created have been full-time and in relatively high-wage industries.

The level of economic activity in 2010 was considerably higher than in 2009. Real GDP increased by 3.2 percent in 2010. Nominal GDP (the broadest single measure of the Government's tax base) increased by 6.3 percent as a result of the increase in real GDP together with a significant rebound in global commodity prices.

[1] This section incorporates data available up to and including August 31, 2011. However, fiscal results in the following section cover the period from April 1, 2010 to March 31, 2011.

## Canada's Economic Action Plan

In Budget 2009, the Government introduced Canada's Economic Action Plan (EAP) in response to the worst economic and financial crisis since the 1930s. The EAP was designed to support economic growth and to protect jobs and incomes affected by the downturn, and its implementation has been effective at shielding Canadians from the worst of the global recession. The EAP has:

- Reduced taxes permanently.
- Helped the unemployed through enhanced EI benefits and training programs.
- Prevented layoffs by enhancing the EI work-sharing program.
- Made significant investments in infrastructure and provided additional support to the housing sector through the Home Renovation Tax Credit.
- Advanced Canada's knowledge economy by improving infrastructure at colleges and universities and supporting research and technology.
- Supported industries and communities most affected by the global downturn.
- Improved access to and the affordability of financing for Canadian households and businesses.

These measures have been implemented across a large number of departments, agencies and Crown corporations, often in partnership with other levels of government.

Because the stimulus in the EAP was designed to provide temporary support to the economy, the vast majority of initiatives announced in Budget 2009 ended as planned on March 31, 2011. Four provincial, territorial and municipal infrastructure programs were extended to October 31, 2011 in order to provide the federal government's partners an additional construction season to complete projects that faced delays.

### Progress in Implementing Canada's Economic Action Plan

| | 2010-2011 Impact of EAP |
|---|---|
| | (accrual basis – in billions of dollars) |
| Reducing the tax burden for Canadians | 3.2 |
| Helping the unemployed | 5.0 |
| Building infrastructure to create jobs | 5.1 |
| Advancing Canada's knowledge economy and creating better jobs | 1.4 |
| Supporting industries and communities | 1.8 |
| **Total federal support** | **16.5** |

Note: Totals may not add due to rounding.

Actions taken during the second year of the EAP account for approximately $16.5 billion of the 2010-2011 deficit of $33.4 billion. Of the amounts recorded under the EAP, revenue reductions account for $5.9 billion, while expenditure measures account for $10.6 billion.

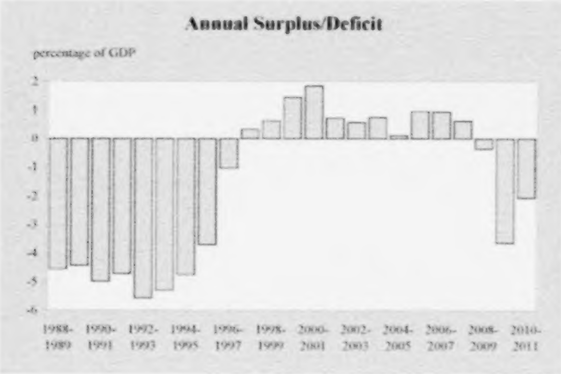
The $16.5 billion of EAP measures in 2010-2011 are recorded on an accrual basis. This amount is lower than the cash value of the EAP due largely to investments in federal assets (for which budgetary costs are amortized over a number of years) and loans to third parties (for which budgetary costs are only recorded to the extent there is a risk of loss). The seven reports to Canadians on the EAP have focused on the cash value of the EAP because this is the best measure for assessing the impact of the stimulus on the economy.

The Government has reported regularly to Canadians on the implementation of the EAP. Canadians can learn more about individual elements of the EAP at www.actionplan.gc.ca.

## The Budgetary Balance

The Government posted a budgetary deficit of $33.4 billion in 2010-2011, reflecting the impact of the global economic recession and the stimulus measures introduced to help mitigate its impact.

The following graph shows the Government's budgetary balance since 1988-1989. To enhance the comparability of results over time and across jurisdictions, the budgetary balance and its components are presented as a percentage of GDP. The budgetary deficit stood at 2.1 percent of GDP in 2010-2011, down from 3.6 percent a year earlier, and down 3.5 percentage points from its most recent peak of 5.6 percent in 1992-1993.



The 2010-2011 budgetary deficit of $33.4 billion compares to a deficit of $55.6 billion in 2009-2010. Revenues were up $18.5 billion, or 8.5 percent, from the prior year. Over half of this increase was attributable to growth in personal income tax revenues, which grew by $9.5 billion, or 9.1 percent. The remaining growth in revenues was largely attributable to increases in other revenues and Goods and Services Tax (GST) revenues, which increased by $6.5 billion and $1.4 billion, respectively.

### 2010-2011 Financial Highlights

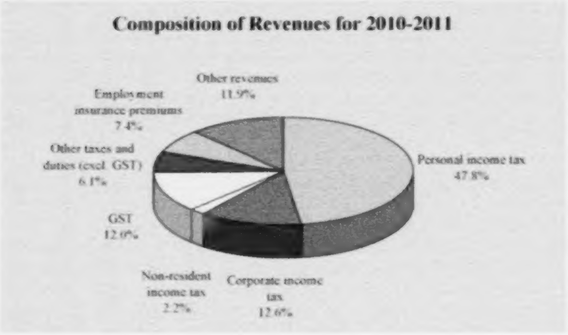
| | 2010-2011 | 2009-2010 |
|---|---|---|
| | (in billions of dollars) | |
| **Statement of Operations** | | |
| Revenues | 237.1 | 218.6 |
| Expenses— | | |
| Program expenses | 239.6 | 244.8 |
| Public debt charges | 30.9 | 29.4 |
| Total expenses | 270.5 | 274.2 |
| ***Annual deficit*** | ***33.4*** | ***55.6*** |
| *Percentage of GDP* | *2.1%* | *3.6%* |
| **Statement of Financial Position** | | |
| Liabilities— | | |
| Interest-bearing debt | 801.8 | 762.8 |
| Other | 119.1 | 120.5 |
| Total liabilities | 920.9 | 883.3 |
| Financial assets | 304.0 | 300.8 |
| ***Net debt*** | ***616.9*** | ***582.5*** |
| Non-financial assets | 66.6 | 63.4 |
| ***Accumulated deficit*** | ***550.3*** | ***519.1*** |
| *Percentage of GDP* | *33.9%* | *34.0%* |

Note: Totals may not add due to rounding.

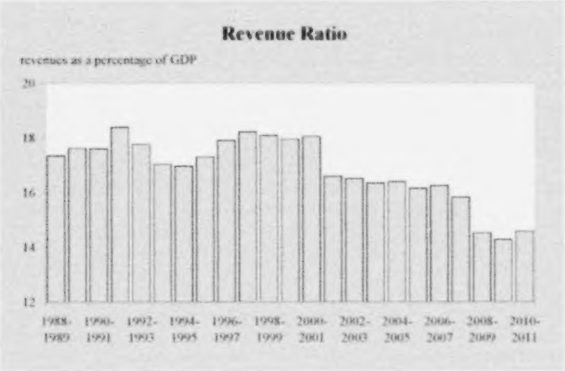
Expenses were down $3.7 billion, or 1.4 percent, from the prior year. Program expenses decreased by $5.2 billion, largely reflecting one-time assistance to the automotive industry and Harmonized Sales Tax (HST) transitional assistance to the provinces of Ontario and British Columbia in 2009-2010, as well as a decline in EI benefit payments. Public debt charges increased by $1.5 billion, or 5.0 percent, from the prior year, reflecting a higher stock of interest-bearing debt.

## Revenues

The largest source of federal revenues is personal income tax revenues, which accounted for 47.8 percent of total revenues in 2010-2011. Corporate income tax revenues accounted for 12.6 percent of revenues in 2010-2011, down from 13.9 percent in 2009-2010, due to a lower general tax rate and one-time factors which temporarily increased corporate income tax revenues in 2009-2010. EI premium revenues represented 7.4 percent of revenues in 2010-2011. In 2010-2011, other taxes and duties made up 18.1 percent of total revenues, with 12.0 percent coming from the GST. Other revenues made up 11.9 percent of total revenues in 2010-2011, up 2.0 percentage points from a year earlier, due mainly to an increase in the net profits of enterprise Crown corporations.


Composition of Revenues for 2010-2011

The revenue ratio - revenues as a percentage of GDP - compares the total of all federal revenues to the size of the economy. This ratio is influenced by changes in statutory tax rates and by economic developments. The ratio stood at 14.6 percent in 2010-2011, up 0.3 percentage points from 2009-2010, reflecting the economic recovery and the expiration of the Home Renovation Tax Credit. However, the ratio has been declining gradually since 2001-2002, and is down significantly from an average of 18 percent over the period 1996-1997 to 2000-2001. This decline is due primarily to tax reduction measures.


Revenue Ratio

### Revenues Compared to 2009-2010

The following table compares revenues for 2010-2011 to 2009-2010.

**Revenues**

| | | | Change | |
|---|---|---|---|---|
| | 2010-11 | 2009-10 | Absolute | % |
| | (in millions of dollars) | | | |
| **Income tax revenues—** | | | | |
| Personal | 113,457 | 103,947 | 9,510 | 9.1 |
| Corporate | 29,969 | 30,361 | -392 | -1.3 |
| Non-resident | 5,137 | 5,293 | -156 | -2.9 |
| **Total** | **148,563** | **139,601** | **8,962** | **6.4** |
| **Other taxes and duties—** | | | | |
| Goods and services tax | 28,379 | 26,947 | 1,432 | 5.3 |
| Energy taxes | 5,342 | 5,178 | 164 | 3.2 |
| Customs import duties | 3,520 | 3,490 | 30 | 0.9 |
| Other excise taxes and duties | 5,662 | 4,958 | 704 | 14.2 |
| **Total** | **42,903** | **40,573** | **2,330** | **5.7** |
| **Employment insurance premiums** | **17,501** | **16,761** | **740** | **4.4** |
| **Other revenues** | **28,124** | **21,665** | **6,459** | **29.8** |
| **Total revenues** | **237,091** | **218,600** | **18,491** | **8.5** |

Total revenues increased by $18.5 billion in 2010-2011, primarily reflecting growth in personal income tax revenues, GST revenues, other excise taxes and duties, EI premium revenues and other revenues. These increases were partially offset by lower corporate and non-resident income tax revenues.

Personal income tax revenues increased by $9.5 billion, or 9.1 percent, in 2010-2011. This increase reflected growth in personal income, combined with the expiration of the Home Renovation Tax Credit on January 31, 2010.

Corporate income tax revenues decreased by $0.4 billion, or 1.3 percent, in 2010-2011, despite strong gains in corporate profits. This decrease primarily reflects a lower general tax rate and one-time factors which boosted 2009-2010 revenues.

Non-resident income tax revenues were down $0.2 billion, or 2.9 percent, in 2010-2011, stemming from large reassessments of prior-year revenues, partially offset by growth in revenues from the current taxation year.

Other taxes and duties increased by $2.3 billion, or 5.7 percent, from the prior year, driven by a $1.4-billion, or 5.3-percent, increase in GST revenues, reflecting higher consumption as the economy recovered. Other excise taxes and duties increased by $0.7 billion, or 14.2 percent, energy taxes increased by $0.2 billion, or 3.2 percent, and customs import duties increased by $30 million, or 0.9 percent.

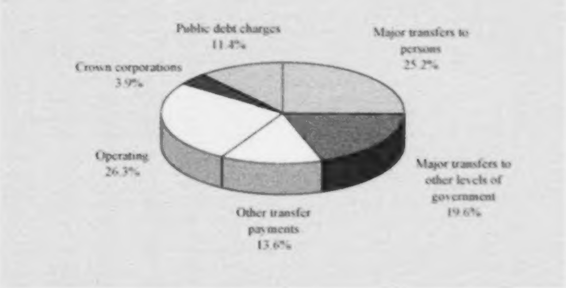
EI premium revenues increased by $0.7 billion, or 4.4 percent, from the previous year, reflecting lower unemployment and the EI premium rate of $1.78 per $100 of insurable earnings for 2011.

Other revenues increased by $6.5 billion, or 29.8 percent, in 2010-2011. This growth was driven by an increase in the net profits of enterprise Crown corporations, due mainly to a decrease in expenses associated with provisions for credit losses and claims, unrealized gains on derivatives held under the Insured Mortgage Purchase Program (IMPP) administered by Canada Mortgage and Housing Corporation (CMHC), gains realized on the Government's sale of common shares in General Motors as part of the automaker's initial public offering in November 2010, and foreign exchange gains.

## Expenses

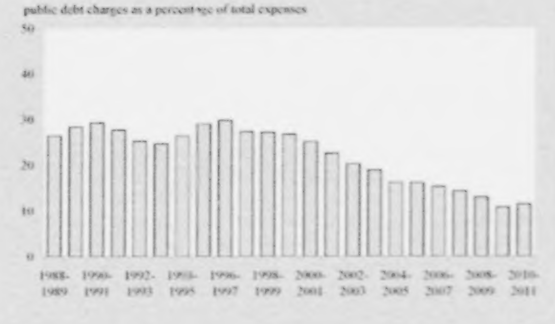
The largest component of expenses in 2010-2011 was operating expenses, which accounted for 26.3 percent of total expenses. These expenses cover more than 100 government departments and agencies, including National Defence. The second largest component of expenses was major transfers to persons, which made up 25.2 percent of total expenses. This category consists of elderly benefits, EI benefits, the Canada Child Tax Benefit and the Universal Child Care Benefit. Major transfers to other levels of government (Canada Health Transfer and Canada Social Transfer, fiscal arrangements and other transfers, transfers to provinces on behalf of Canada's cities and communities, and the Quebec Abatement) made up 19.6 percent of total expenses in 2010-2011. Other transfer payments, which include transfers to individuals, businesses, and other organizations and groups, made up 13.6 percent of expenses, while Crown corporations accounted for 3.9 percent of total expenses. Public debt charges made up the remaining 11.4 percent of total expenses in 2010-2011.

**Composition of Expenses for 2010-2011**



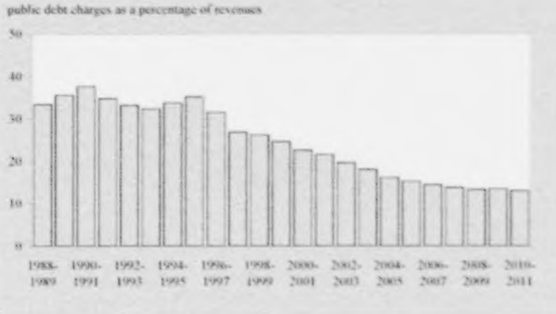
There has been a large shift in the composition of total expenses since the early 1990s. Public debt charges were the largest component for most of the 1990s, given the large and increasing stock of interest-bearing debt and high average effective interest rates on that stock of debt. Since reaching a high of nearly 30 percent of total expenses in 1996-1997, the share of public debt charges in total expenses has fallen over 18 percentage points, reflecting reductions in the stock of interest-bearing debt and a decline in interest rates.

**Public Debt Charges**



The interest ratio (public debt charges as a percentage of revenues) has been decreasing in recent years, falling from 37.6 percent in 1990-1991 to 13.5 percent in 2009-2010. The ratio fell an additional 0.5 percentage points in 2010-2011, reaching 13.0 percent. This means that, in 2010-2011, the Government spent 13 cents of every revenue dollar on public debt charges. The lower the ratio, the more flexibility the Government has to address the key priorities of Canadians.

**Interest Ratio**



### Expenses Compared to 2009-2010

Total expenses amounted to $270.5 billion in 2010-2011, down $3.7 billion, or 1.4 percent, from 2009-2010.

The following table compares total expenses for 2010-2011 to 2009-2010.

**Expenses**

| | | | Change | |
|---|---|---|---|---|
| | 2010-11 | 2009-10 | Absolute | % |
| | (in millions of dollars) | | | |
| **Transfer payments—** | | | | |
| Major transfers to persons— | | | | |
| Elderly benefits | 35,629 | 34,653 | 976 | 2.8 |
| Employment insurance benefits | 19,850 | 21,586 | -1,736 | -8.0 |
| Children's benefits | 12,656 | 12,340 | 316 | 2.6 |
| Total | 68,135 | 68,579 | -444 | -0.6 |
| Major transfer payments to other levels of government— | | | | |
| Federal transfer support for health and other social programs | 37,210 | 35,678 | 1,532 | 4.3 |
| Fiscal arrangements and other transfers | 19,512 | 24,611 | -5,099 | -20.7 |
| Quebec abatement | -3,751 | -3,299 | -452 | 13.7 |
| Total | 52,971 | 56,990 | -4,019 | -7.1 |
| Other transfer payments | 36,820 | 39,892 | -3,072 | -7.7 |
| **Total transfer payments** | **157,926** | **165,461** | **-7,535** | **-4.6** |
| **Other program expenses—** | | | | |
| Crown corporations | 10,547 | 10,428 | 119 | 1.1 |
| Ministries | 71,119 | 68,895 | 2,224 | 3.2 |
| **Total other program expenses** | **81,666** | **79,323** | **2,343** | **3.0** |
| **Program expenses** | **239,592** | **244,784** | **-5,192** | **-2.1** |
| **Public debt charges** | **30,871** | **29,414** | **1,457** | **5.0** |
| **Total expenses** | **270,463** | **274,198** | **-3,735** | **-1.4** |

Certain comparative figures have been reclassified to conform to the current year's presentation.

Major transfers to persons decreased by $0.4 billion in 2010-2011, due to a decline in EI benefit payments. EI benefits decreased by $1.7 billion in 2010-2011, due mainly to a decrease in regular benefits, reflecting a lower unemployment rate. This decrease was partially offset by a $1.0-billion increase in elderly benefits, reflecting growth in the elderly population and increases in consumer prices, to which benefits are fully indexed. Children's benefits, which consist of the Canada Child Tax Benefit and the Universal Child Care Benefit, increased by $0.3 billion, reflecting enhancements to the National Child Benefit Supplement and the Canada Child Tax Benefit which took effect in July 2009 as part of Canada's Economic Action Plan.

Major transfers to other levels of government decreased by $4.0 billion over the previous year, reflecting the one-time impact of $5.9 billion in transitional assistance to the provinces of Ontario and British Columbia in 2009-2010 as a result of their decision to adopt the HST, partially offset by legislated growth in the Canada Health Transfer, the Canada Social Transfer and Equalization and a total of $0.5 billion in transfer protection payments to the provinces to prevent declines in the Canada Health Transfer, the Canada Social Transfer and Equalization transfers between 2009-2010 and 2010-2011. The Quebec Abatement, which is netted against major transfers to other levels of government, increased by $0.5 billion in 2010-2011, resulting in a corresponding decrease in transfer payments. The Quebec Abatement is a recovery from the Province of Quebec for an additional tax point transfer (16.5 points) above and beyond the Canada Health Transfer and Canada Social Transfer tax point transfers. The $0.5-billion increase in this recovery was due to an increase in the value of personal income tax points in 2010-2011 compared to 2009-2010.

Other transfer payments, which include transfers to Aboriginal peoples, assistance to farmers, students and businesses, support for research and development, and foreign aid and international assistance, decreased by $3.1 billion, or 7.7 percent, over the prior year. This decrease mainly reflects one-time assistance to the automotive industry in 2009–2010, partially offset by increases in transfers across a number of departments and the revaluation of the Government's liability to Ontario for the province's one-third participation in the value of the Government's common shares in General Motors.

Other program expenses increased from $79.3 billion in 2009-2010 to $81.7 billion in 2010-2011, up $2.3 billion, or 3.0 percent. This spending component consists of operating expenses of Crown corporations, departments and agencies, including National Defence, as well as expenses related to the ongoing assessment of the Government's liabilities. The $2.3-billion increase reflects past service costs associated with amendments made to veteran future benefit programs which expand eligibility for certain allowances provided to injured veterans and provide access to all veteran benefit programs for veterans suffering from amyotrophic lateral sclerosis, as well as an increase in the estimated cost of the Government's environmental liabilities.

Public debt charges increased by $1.5 billion, or 5.0 percent, reflecting a higher stock of interest-bearing debt.

## Comparison of Actual Results to Budget Projections

### Comparison to June 2011 Budget Plan

The 2010-2011 deficit was $2.8 billion lower than the $36.2-billion deficit forecast in the June 2011 budget. Revenues were $1.5 billion higher than expected, largely reflecting higher-than-expected corporate income tax and other revenues. Program expenses were $1.2 billion lower than forecast, reflecting lower-than-expected year-end accrual adjustments.

**Comparison of 2010-2011 Outcomes to June 2011 Budget**

| | Projection | Actual | Difference |
|---|---|---|---|
| | (in billions of dollars) | | |
| Revenues | 235.6 | 237.1 | 1.5 |
| Expenses— | | | |
| Program expenses | 240.8 | 239.6 | -1.2 |
| Public debt charges | 30.9 | 30.9 | 0.0 |
| Total expenses | 271.7 | 270.5 | -1.2 |
| **Annual deficit** | **36.2** | **33.4** | **-2.8** |

Note: Totals may not add due to rounding.

### Comparison to March 2010 Budget Plan

The 2010-2011 budgetary deficit was $15.8 billion lower than the $49.2 billion deficit forecast in the March 2010 budget, partly due to stronger-than-expected economic growth in 2010. Specifically, Budget 2010 projected an expansion of 4.9 percent in nominal GDP in 2010, while the actual expansion was 6.3 percent.

Revenues were $4.2 billion, or 1.8 percent, higher than forecast in the March 2010 budget, reflecting higher-than-projected revenues from income taxes ($0.6 billion higher than projected), other taxes and duties ($1.9 billion higher than projected), and other revenues ($1.9 billion higher than projected), which were only slightly offset by lower-than-projected EI premium revenues ($0.1 billion lower than projected). The higher-than-projected other taxes and duties mainly reflects higher-than-projected consumption of goods subject to the GST and excise taxes. The higher-than-projected other revenues primarily reflects higher profits of enterprise Crown corporations, including unrealized gains on derivatives held under the IMPP administered by CMHC, and gains realized on the Government's sale of common shares in General Motors.

For 2010-2011, total expenses were $11.6 billion lower than projected in the March 2010 budget, with program expenses $11.1 billion lower than forecast and public debt charges $0.5 billion lower than forecast.

Major transfers to persons were $3.9 billion lower than projected, largely due to lower-than-projected elderly and EI benefits. Elderly benefits were $1.0 billion lower than forecast, due to lower-than-projected growth in the number of recipients and lower-than-expected maximum benefit growth. EI benefits were $2.8 billion lower than forecast, due mainly to lower-than-expected regular benefits, reflecting a better labour market outcome.

Major transfers to other levels of government were $3.8 billion lower than forecast, reflecting the accrual of 2010-2011 HST transitional assistance payments to the provinces of Ontario and British Columbia in 2009-2010. In the March 2010 budget forecast, these transfer payments were expensed in annual instalments over the 2009-2010 to 2011-2012 period, consistent with the payment schedules set out in the agreements. In the process of finalizing the 2009-2010 financial statements, it was determined that the total amount of transitional assistance should be expensed in 2009-2010 as the provinces had met all eligibility criteria to receive the transfers.

Other transfer payments were $2.6 billion lower than forecast, while other program expenses were $0.8 billion lower than forecast, reflecting lower-than-expected spending by departments, agencies and Crown corporations.

Public debt charges were $0.5 billion lower than forecast, reflecting lower-than-expected interest rates.

### Comparison of 2010-2011 Outcomes to March 2010 Budget

| | Budget | Actual | Difference |
|---|---|---|---|
| | (in millions of dollars) | | |
| **Revenues** | | | |
| Income tax revenues | 147,980 | 148,563 | 583 |
| Other taxes and duties | 40,965 | 42,903 | 1,938 |
| Employment insurance premiums | 17,630 | 17,501 | -129 |
| Other revenues | 26,274 | 28,124 | 1,850 |
| **Total revenues** | **232,849** | **237,091** | **4,242** |
| **Expenses—** | | | |
| **Program expenses** | | | |
| Major transfers to persons | 72,026 | 68,135 | -3,891 |
| Major transfer payments to other levels of government | 56,812 | 52,971 | -3,841 |
| Other transfer payments | 39,414 | 36,820 | -2,594 |
| Other program expenses | 82,454 | 81,666 | -788 |
| **Total program expenses** | **250,706** | **239,592** | **-11,114** |
| **Public debt charges** | **31,341** | **30,871** | **-470** |
| **Total expenses** | **282,047** | **270,463** | **-11,584** |
| **Annual deficit** | **49,198** | **33,372** | **-15,826** |

## Accumulated Deficit

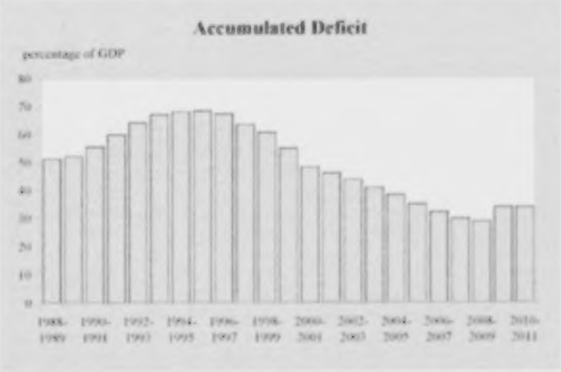
The accumulated deficit is the difference between the Government's total liabilities and total assets. The annual change in the accumulated deficit represents the annual budgetary balance plus any gains or losses recognized in other comprehensive income. Other comprehensive income represents certain unrealized gains and losses on financial instruments reported by enterprise Crown corporations and other government business enterprises. Based on the accounting standards of the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants, other comprehensive income is not included in the Government's annual budgetary balance, but is instead recorded directly to the Government's Statement of Accumulated Deficit and Statement of Change in Net Debt.

### Accumulated Deficit

| | 2010-2011 | 2009-2010 | Difference |
|---|---|---|---|
| | (in millions of dollars) | | |
| **Accumulated deficit at beginning of year** | **519,097** | **463,710** | **55,387** |
| Annual deficit | 33,372 | 55,598 | -22,226 |
| Other comprehensive income | -2,142 | -211 | -1,931 |
| **Accumulated deficit at end of year** | **550,327** | **519,097** | **31,230** |

The accumulated deficit increased by $55.4 billion in 2009-2010 and by $31.2 billion in 2010-2011, reflecting the impact of the global economic recession and the stimulus measures introduced to help mitigate its impacts. The $31.2-billion increase in the accumulated deficit in 2010-2011 reflects the $33.4-billion budgetary deficit, partially offset by $2.1 billion in other comprehensive income. A significant portion of the $2.1 billion in other comprehensive income relates to unrealized gains resulting from the increase in value of the Government's holdings of General Motors common shares.

The accumulated deficit stood at 33.9 percent of GDP at March 31, 2011, less than half of its post-World War II peak of 68.4 percent at March 31, 1996.


**Accumulated Deficit**

As noted above, the accumulated deficit is the difference between the Government's total liabilities and total assets. Total liabilities include interest-bearing debt and accounts payable and accrued liabilities. Total assets include both financial and non-financial assets, the latter consisting primarily of capital assets. The following sections provide more detail on each of these components.

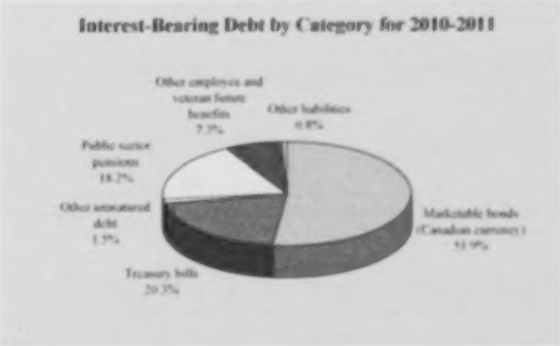
**Statement of Financial Position**

| | 2010-2011 | 2009-2010 | Difference |
|---|---|---|---|
| | (in millions of dollars) | | |
| **Liabilities** | | | |
| Accounts payable and accrued liabilities | 119,060 | 120,525 | -1,465 |
| Interest-bearing debt | | | |
| Unmatured debt | 591,155 | 559,126 | 32,029 |
| Pension and other future benefits | 204,341 | 197,070 | 7,271 |
| Other liabilities | 6,315 | 6,587 | -272 |
| Total | 801,811 | 762,783 | 39,028 |
| **Total liabilities** | **920,871** | **883,308** | **37,563** |
| **Financial assets** | | | |
| Cash and accounts receivable | 96,907 | 101,205 | -4,298 |
| Foreign exchange accounts | 48,507 | 46,950 | 1,557 |
| Loans, investments and advances (1) | 158,549 | 152,681 | 5,868 |
| **Total financial assets** | **303,963** | **300,836** | **3,127** |
| ***Net debt*** | ***616,908*** | ***582,472*** | ***34,436*** |
| **Non-financial assets** | **66,581** | **63,375** | **3,206** |
| ***Accumulated deficit*** | ***550,327*** | ***519,097*** | ***31,230*** |

(1) Includes $2.1 billion in other comprehensive income ($0.2 billion in other comprehensive income in 2009-2010) reported by enterprise Crown corporations and other government business enterprises.

## Interest-Bearing Debt

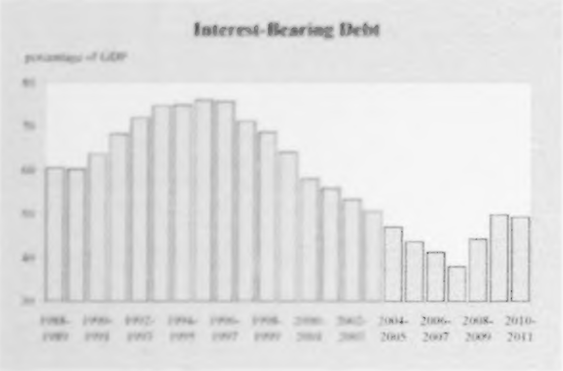
Interest-bearing debt includes unmatured debt, or debt issued on the credit markets, obligations for pensions and other future benefits, and other liabilities. Unmatured debt, which includes fixed-coupon marketable bonds, Real Return Bonds, treasury bills, retail debt (Canada Savings Bonds and Canada Premium Bonds), foreign-currency-denominated debt, as well as bonds issued to the Canada Pension Plan and obligations related to capital leases, amounted to 73.7 percent of interest-bearing debt at March 31, 2011. Liabilities for pensions and other future benefits include obligations for federal public sector pension plans and other employee and veteran future benefits. Obligations for federal public sector pension plans made up 18.2 percent of interest-bearing debt and other employee and veteran future benefits accounted for an additional 7.3 percent of interest-bearing debt. The remaining 0.8 percent of interest-bearing debt represents other interest-bearing liabilities of the Government, which include deposit and trust accounts and other specified purpose accounts. The share of total interest-bearing debt represented by unmatured debt had been declining since the mid-1990s, as the Government was able to retire some of this debt. This trend reversed in 2008-2009 due to the increase in financial requirements stemming from the Government's Economic Action Plan, as well as an increase in borrowings under the consolidated borrowing framework introduced in 2008. Under the consolidated borrowing framework, the Government finances all of the borrowing needs of CMHC, the Business Development Bank of Canada and Farm Credit Canada through direct lending in order to reduce overall borrowing costs and improve the liquidity of the government securities market.


**Interest-Bearing Debt by Category for 2010-2011**

At March 31, 2011, interest-bearing debt totalled $801.8 billion, up $39.0 billion from March 31, 2010. The increase was largely attributable to an increase in unmatured debt, primarily reflecting financing requirements associated with the budgetary deficit.

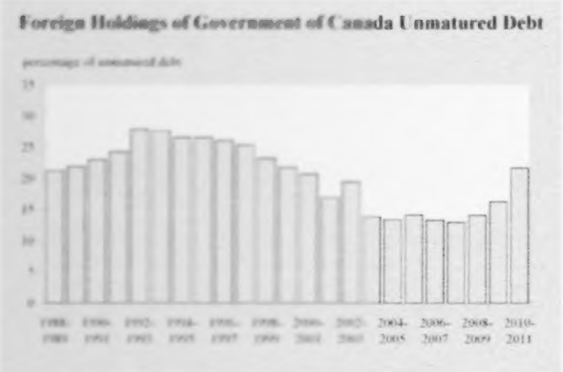
The Bank of Canada and the Department of Finance manage the Government's debt and associated risks. The fundamental objective of the debt management strategy is to provide stable, low-cost funding to meet the Government's financial obligations and liquidity needs. Details on the Government's debt management objectives and principles are tabled annually in Parliament through the Department of Finance's *Debt Management Strategy*. Further details on the federal public sector pension plans are contained in Section 6 of this volume.

Interest-bearing debt stood at 49.4 percent of GDP in 2010-2011, down from 49.9 percent in 2009-2010, and down over 26 percentage points from a high of 76.1 percent in 1995-1996.



**Interest-Bearing Debt**

Foreign holdings of the Government's unmatured debt were estimated at $128.5 billion at March 31, 2011, representing approximately 22 percent of the Government's total unmatured debt.

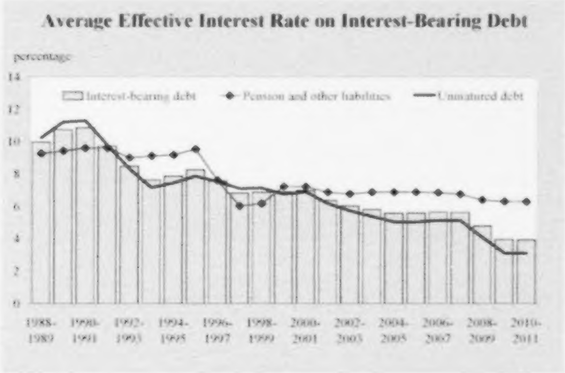


**Foreign Holdings of Government of Canada Unmatured Debt**

The average effective interest rate on the Government's interest-bearing debt in 2010-2011 was 3.9 percent, down from 4.0 percent in 2009-2010. The average effective interest rate on unmatured debt in 2010-2011 was 3.1 percent, while the average effective interest rate on pension and other liabilities was 6.3 percent. The average effective interest rate was higher on pension and other liabilities than on unmatured debt because the unfunded pension liability is primarily credited with interest at rates that are calculated as though the amounts in the plans were invested in a notional portfolio of Government of Canada 20-year bonds held to maturity, whereas unmatured debt includes both short-and long-term securities. During 2010-2011, short-term interest rates remained near the historical low levels of the previous year.

The debt structure of interest-bearing debt is usually described in terms of its fixed-rate share (that is the proportion that does not mature or need to be repriced within one year). It is calculated on a net basis by excluding components of the debt that are matched with financial assets of the same term, which therefore do not represent an exposure to interest rate risk. The federal liabilities netted out from the fixed-rate share calculation include liabilities funding the assets in the Exchange Fund Account; debt securities matched with corresponding loans to Crown corporations; Government of Canada debt securities held by the Bank of Canada; matched assets related to the IMPP; and the debt offset by Receiver General cash and deposit balances.

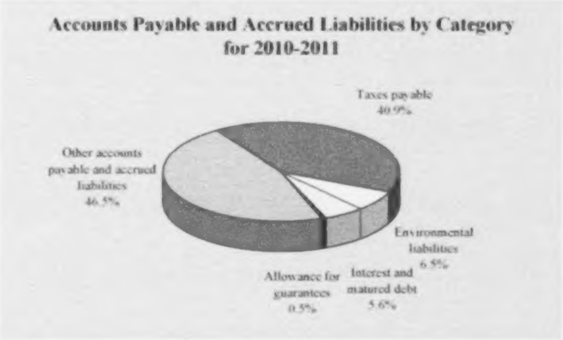
The fixed-rate share of interest-bearing debt fell slightly from 63.3 percent in 2009-2010 to 63.1 percent in 2010-2011.



**Average Effective Interest Rate on Interest-Bearing Debt**

## Accounts Payable and Accrued Liabilities

The following chart shows accounts payable and accrued liabilities by category for 2010-2011.



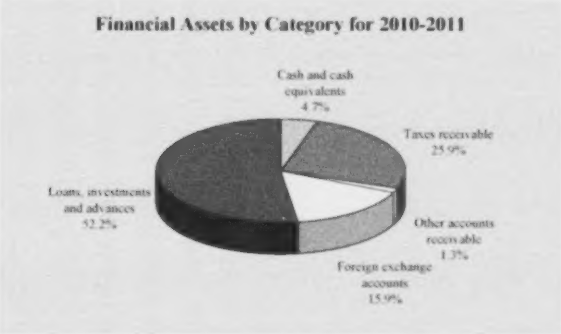
**Accounts Payable and Accrued Liabilities by Category for 2010-2011**

At March 31, 2011, accounts payable and accrued liabilities amounted to $119.1 billion, down $1.5 billion from March 31, 2010. The decrease is largely attributable to a $2.9-billion decrease in other accounts payable and accrued liabilities, primarily reflecting the payment of $3.8 billion in HST transitional assistance to the provinces of Ontario and British Columbia accrued in 2009-2010. This decrease was partially offset by a $1.1-billion increase in environmental liabilities. Environmental liabilities consist of the estimated costs related to the remediation of environmentally contaminated sites as well as estimated costs related to the Government's obligations associated with future asset restoration costs.

## Financial Assets

Financial assets include cash on deposit with the Bank of Canada, chartered banks and other financial institutions, accounts receivable, foreign exchange accounts, and loans, investments and advances. The Government's foreign exchange accounts include foreign currency deposits, investments in gold, and subscriptions and loans to the International Monetary Fund (IMF). Proceeds of the Government's foreign currency borrowings are held in the Exchange Fund Account to provide foreign currency liquidity and provide funds needed to promote orderly conditions for the Canadian dollar in the foreign exchange markets. Further details on the management of international reserves are available in the annual *Report on the Management of Canada's Official International Reserves*. The Government's loans, investments and advances include its investments and loans in enterprise Crown corporations, loans to national governments mainly for financial assistance and development of export trade, and loans under the Canada Student Loans Program.

**Financial Assets by Category for 2010-2011**



At March 31, 2011, financial assets amounted to $304.0 billion, up $3.1 billion from March 31, 2010. Within financial assets, cash and cash equivalents decreased by $14.1 billion, taxes receivable increased by $9.6 billion, foreign exchange accounts increased by $1.6 billion, and the Government's loans, investments and advances in enterprise Crown corporations and other government business enterprises increased by $6.2 billion. The decrease in cash and cash equivalents over the prior year mainly reflects the unwinding of special liquidity facilities introduced by the Bank of Canada during the financial crisis to support the efficient functioning of the Canadian financial system. With improved conditions in financial markets, the Government's cash balances were reduced by the end of 2010-2011. The increase in taxes receivable largely reflects the Government's administration of the HST in Ontario and British Columbia as of July 1, 2010. The increase in foreign exchange accounts is largely attributable to an increase in loans issued to the IMF to provide temporary resources to IMF member countries requiring balance of payments assistance. The $6.2-billion increase in loans, investments and advances in enterprise Crown corporations and other government business enterprises is due mainly to net profits recorded by these corporations and enterprises during 2010-2011.

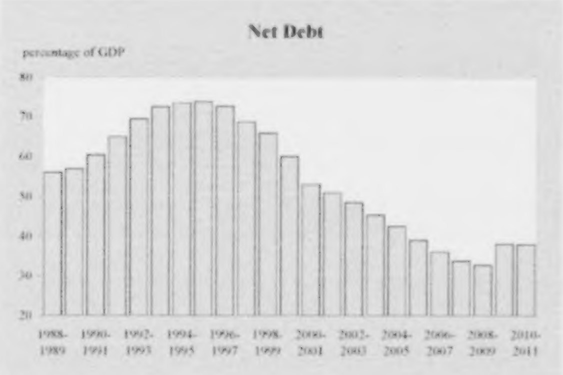
Since the accumulated deficit reached its peak of $562.9 billion at March 31, 1997, financial assets have increased by $203.6 billion due to higher levels of cash and cash equivalents and accounts receivable (up $44.1 billion), an increase in the foreign exchange accounts (up $21.7 billion) and an increase in loans, investments and advances (up $137.7 billion). The increase in cash and cash equivalents and accounts receivable is largely attributable to growth in taxes receivable, broadly in line with the growth in the applicable tax bases. The increase in the foreign exchange accounts reflects a decision by the Government in the late 1990s to increase its liquidity in these accounts. The increase in loans, investments and advances is attributable to several factors including the accumulation of net profits from enterprise Crown corporations, the Government taking over the financing of the Canada Student Loans Program from the chartered banks in 2000, and, more recently, the issuance of direct loans to Crown corporations under the Government's consolidated borrowing framework implemented in 2008.

## Net Debt

The Government's net debt – its total liabilities less financial assets – stood at $616.9 billion at March 31, 2011. Net debt was 38.0 percent of GDP, down 0.1 percentage point from a year earlier, and down 35.9 percentage points from its peak of 73.9 percent at March 31, 1996.

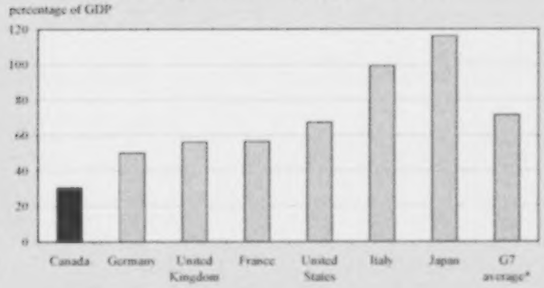
This ratio measures debt relative to the ability of the country's taxpayers to finance it. Total liabilities are reduced only by financial assets as non-financial assets cannot normally be converted to cash to pay off the debt without disrupting government operations.

**Net Debt**



### Canada Has the Lowest Total Government Net Debt Among G-7 Countries

**G-7 Total Government Net Debt, 2010**



Sources: OECD Economic Outlook, No. 89 (May 2011).
*Weighted by GDP on a Purchasing Power Parity (PPP) basis.

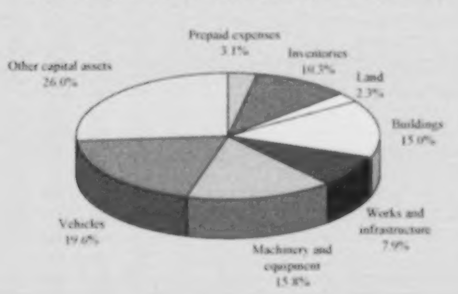
Canada's total government net debt-to-GDP ratio stood at 30.4 percent in 2010. According to the OECD, this is by far the lowest level amongst G-7 countries, which the OECD estimates recorded a weighted average net debt of 71.4 percent of GDP in that same year.

International comparisons of net debt are made on a total government, National Accounts basis, which for Canada includes the net debt of federal, provincial/territorial and local governments, as well as the net assets held in the Canada Pension Plan and Quebec Pension Plan.

### Non-Financial Assets

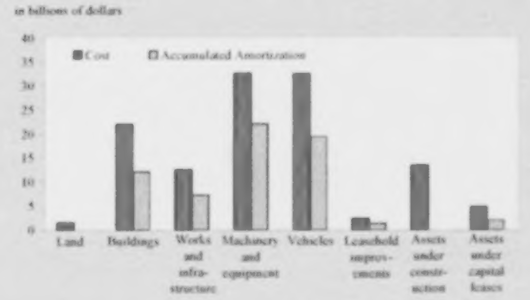
Non-financial assets include the net book value of the Government's tangible capital assets, which include land, buildings, works and infrastructure such as roads and bridges, machinery and equipment, ships, aircraft and other vehicles. Non-financial assets also include inventories and prepaid expenses.

**Non-Financial Assets by Category for 2010-2011**



At March 31, 2011, non-financial assets stood at $66.6 billion, up $3.2 billion from a year earlier, primarily due to an increase in tangible capital assets. At March 31, 2011, roughly 60 percent of the original cost of the Government's depreciable tangible capital assets had been amortized, compared to 59 percent a year earlier. Depreciable tangible capital assets exclude land, and assets under construction, which are not yet available for use.

**Tangible Capital Asset Cost and Accumulated Amortization**



### Cash Flow

The annual surplus or deficit is presented on an accrual basis of accounting, recognizing revenue in the period it is earned and expenses when incurred, regardless of when the associated cash is received or paid. In contrast, the Government's net cash flow measures the difference between cash coming in to the Government and cash going out.

In 2010-2011, the Government had a total cash requirement of $46.4 billion before financing activities, compared to a total cash requirement of $71.9 billion before financing activities in 2009-2010. Operating activities resulted in a net cash requirement of $41.7 billion in 2010-2011, compared to a net cash requirement of $37.5 billion in 2009-2010. Cash used for capital investment activities increased by $0.8 billion, from $6.8 billion in 2009-2010 to $7.6 billion in 2010-2011. The Government's other investing activities provided cash totalling $2.9 billion in 2010-2011, compared to a cash requirement of $27.6 billion in 2009-2010. This change reflects the wind-down of purchases of insured mortgage pools through CMHC under the IMPP in 2009-2010.

**Cash Flow**

| | 2010-2011 | 2009-2010 |
|---|---|---|
| | (in millions of dollars) | |
| Cash used by operating activities | -41,665 | -37,452 |
| Cash used by capital investment activities | -7,614 | -6,839 |
| Cash provided or used (-) by investing activities | 2,872 | -27,614 |
| *Total cash used before financing activities* | *-46,407* | *-71,905* |
| Cash provided by financing activities | 32,280 | 53,370 |
| Net decrease in cash | -14,127 | -18,535 |
| Cash and cash equivalents at beginning of year | 28,450 | 46,985 |
| Cash and cash equivalents at end of year | 14,323 | 28,450 |

The Government financed this financial requirement of $46.4 billion by increasing market debt by $32.3 billion and by decreasing its balance of cash and cash equivalents by $14.1 billion. The increase in market debt was achieved primarily through the issuance of marketable bonds.

## Risks and Uncertainties

As noted in the budget and related documents, the Government's revenues and expenses are highly sensitive to changes in economic conditions – particularly to changes in economic growth, inflation and interest rates.

Current risks to the fiscal outcome in 2011-2012 come primarily from the increased uncertainty surrounding the global economic outlook, as well as uncertainty as to how economic developments will translate into spending and tax revenues.

Global economic growth, particularly in the United States, slowed during the first half of 2011. Moreover, this slowing of global growth comes against the backdrop of ongoing concerns about the sovereign debt situation in Europe, and the downgrading of U.S. debt by Standard & Poor's. These developments have led to a sharp increase in volatility in global financial markets, which is further weighing on global growth.

Canada is not immune from global economic developments. However, the Government adopted prudent planning assumptions in Budget 2011 by adjusting down the level of nominal GDP projected by private-sector economists by $10 billion. As a result, fiscal results to date have been broadly consistent with the conservative 2011-2012 projections set out in Budget 2011.

To illustrate the impact of changes in economic conditions, the Department of Finance publishes, on a regular basis, sensitivity impacts on the budgetary balance. These are "rules of thumb" as the actual impact will depend on many other factors as well. As published in the June 6, 2011 budget, these show, for example, that:

- A one-year, 1-percentage-point decrease in real GDP growth would lower the budgetary balance by $3.3 billion in the first year, $3.6 billion in the second year, and $2.3 billion in the fifth year.
- A one-year, 1-percentage-point decrease in GDP inflation would lower the budgetary balance by $1.6 billion in the first year, $1.6 billion in the second year, and $1.2 billion in the fifth year.
- A sustained 100-basis-point increase in interest rates would lower the budgetary balance by $0.8 billion in the first year, $1.7 billion in the second year, and $2.1 billion in the fifth year.

While these generalized rules of thumb provide good estimates of the sensitivity of the budgetary balance with respect to small economic changes, it is important to note that some of the estimated relationships would change in response to large economic changes.

# TEN YEAR COMPARATIVE FINANCIAL INFORMATION

This part provides a ten year comparison of financial information based on the accounting policies explained in Note 1 to the audited financial statements in Section 2 of this volume.

## TABLE 1.1

### GOVERNMENT OF CANADA
### DETAILED STATEMENT OF OPERATIONS AND ACCUMULATED DEFICIT

(in millions of dollars)

| | Year ended March 31 | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
| **REVENUES—** | | | | | | | | | | |
| ***TAX REVENUES—*** | | | | | | | | | | |
| **Income tax revenues—** | | | | | | | | | | |
| Personal | 86,972 | 89,530 | 92,957 | 98,521 | 103,691 | 110,477 | 113,063 | 116,024 | 103,947 | 113,457 |
| Corporate | 24,242 | 22,222 | 27,431 | 29,956 | 31,724 | 37,745 | 40,628 | 29,476 | 30,361 | 29,969 |
| Non-resident | 2,925 | 3,291 | 3,142 | 3,560 | 4,529 | 4,877 | 5,693 | 6,298 | 5,293 | 5,137 |
| | *114,139* | *115,043* | *123,530* | *132,037* | *139,944* | *153,099* | *159,384* | *151,798* | *139,601* | *148,563* |
| **Other taxes and duties—** | | | | | | | | | | |
| Goods and services tax | 25,292 | 28,248 | 28,286 | 29,758 | 33,020 | 31,296 | 29,920 | 25,740 | 26,947 | 28,379 |
| Energy taxes | 4,848 | 4,935 | 4,952 | 5,054 | 5,076 | 5,128 | 5,139 | 5,161 | 5,178 | 5,342 |
| Customs import duties | 3,040 | 3,278 | 2,887 | 3,091 | 3,330 | 3,704 | 3,903 | 4,036 | 3,490 | 3,520 |
| Other excise taxes and duties | 3,953 | 4,896 | 5,240 | 4,954 | 4,730 | 5,189 | 5,245 | 4,869 | 4,958 | 5,662 |
| | *37,133* | *41,357* | *41,365* | *42,857* | *46,156* | *45,317* | *44,207* | *39,806* | *40,573* | *42,903* |
| ***Total tax revenues*** | ***151,272*** | ***156,400*** | ***164,895*** | ***174,894*** | ***186,100*** | ***198,416*** | ***203,591*** | ***191,604*** | ***180,174*** | ***191,466*** |
| ***EMPLOYMENT INSURANCE PREMIUMS*** | ***17,637*** | ***17,870*** | ***17,546*** | ***17,307*** | ***16,535*** | ***16,789*** | ***16,558*** | ***16,887*** | ***16,761*** | ***17,501*** |
| ***OTHER REVENUES—*** | | | | | | | | | | |
| Crown corporations | 4,751 | 5,301 | 5,917 | 6,825 | 7,198 | 7,503 | 6,504 | 7,760 | 7,622 | 12,937 |
| Other programs | 7,817 | 7,620 | 8,142 | 11,742 | 10,356 | 11,544 | 13,895 | 15,105 | 12,396 | 13,378 |
| Net foreign exchange | 2,453 | 3,379 | 2,090 | 1,175 | 2,014 | 1,714 | 1,872 | 1,736 | 1,647 | 1,809 |
| ***Total other revenues*** | ***15,021*** | ***16,300*** | ***16,149*** | ***19,742*** | ***19,568*** | ***20,761*** | ***22,271*** | ***24,601*** | ***21,665*** | ***28,124*** |
| **TOTAL REVENUES** | **183,930** | **190,570** | **198,590** | **211,943** | **222,203** | **235,966** | **242,420** | **233,092** | **218,600** | **237,091** |
| **EXPENSES—** | | | | | | | | | | |
| ***TRANSFER PAYMENTS—*** | | | | | | | | | | |
| Old age security benefits, guaranteed income supplement and spouse's allowance | 24,641 | 25,692 | 26,902 | 27,871 | 28,992 | 30,284 | 31,955 | 33,377 | 34,653 | 35,629 |
| **Major transfer payments to other levels of government—** | | | | | | | | | | |
| Canada health and social transfer | 17,300 | 21,100 | 22,341 | 28,031 | | | | | | |
| Canada health transfer | | | | | 19,000 | 20,140 | 21,474 | 22,759 | 24,820 | 26,031 |
| Canada social transfer | | | | | 8,225 | 8,500 | 9,872 | 10,568 | 10,858 | 11,179 |
| Fiscal arrangements | 12,188 | 11,397 | 10,004 | 13,467 | 12,977 | 13,740 | 15,178 | 15,807 | 16,789 | 17,577 |
| Quebec abatement | -3,247 | -2,839 | -3,295 | -3,350 | -3,327 | -3,884 | -3,328 | -3,643 | -3,299 | -3,751 |
| Other major transfers | 375 | 987 | 342 | 3,807 | 3,940 | 4,018 | 2,956 | 1,024 | 7,822 | 1,935 |
| | *26,616* | *30,645* | *29,392* | *41,955* | *40,815* | *42,514* | *46,152* | *46,515* | *56,990* | *52,971* |
| Employment insurance benefits | 13,726 | 14,496 | 15,058 | 14,748 | 14,417 | 14,084 | 14,298 | 16,308 | 21,586 | 19,850 |
| Children's benefits | 7,471 | 7,823 | 8,062 | 8,688 | 9,200 | 11,214 | 11,894 | 11,901 | 12,340 | 12,656 |
| Other transfer payments | 17,546 | 20,673 | 22,945 | 25,453 | 24,893 | 26,844 | 27,032 | 30,192 | 39,892 | 36,820 |
| ***Total transfer payments*** | ***90,000*** | ***99,329*** | ***102,359*** | ***118,715*** | ***118,317*** | ***124,940*** | ***131,331*** | ***138,293*** | ***165,461*** | ***157,926*** |
| ***OTHER PROGRAM EXPENSES—*** | | | | | | | | | | |
| Crown corporations | 6,085 | 6,551 | 6,566 | 8,907 | 7,195 | 7,211 | 7,340 | 8,066 | 10,428 | 10,547 |
| Ministries | 40,146 | 40,799 | 44,751 | 48,740 | 49,701 | 56,118 | 60,827 | 61,498 | 68,895 | 71,119 |
| ***Total other program expenses*** | ***46,231*** | ***47,350*** | ***51,317*** | ***57,647*** | ***56,896*** | ***63,329*** | ***68,167*** | ***69,564*** | ***79,323*** | ***81,666*** |
| ***Total program expenses*** | ***136,231*** | ***146,679*** | ***153,676*** | ***176,362*** | ***175,213*** | ***188,269*** | ***199,498*** | ***207,857*** | ***244,784*** | ***239,592*** |
| ***PUBLIC DEBT CHARGES*** | ***39,651*** | ***37,270*** | ***35,769*** | ***34,118*** | ***33,772*** | ***33,945*** | ***33,325*** | ***30,990*** | ***29,414*** | ***30,871*** |
| **TOTAL EXPENSES** | **175,882** | **183,949** | **189,445** | **210,480** | **208,985** | **222,214** | **232,823** | **238,847** | **274,198** | **270,463** |
| **ANNUAL SURPLUS OR DEFICIT (-)** | **8,048** | **6,621** | **9,145** | **1,463** | **13,218** | **13,752** | **9,597** | **-5,755** | **-55,598** | **-33,372** |
| **ACCUMULATED DEFICIT AT BEGINNING OF YEAR** | **519,994** | **511,946** | **505,325** | **496,180** | **494,717** | **481,499** | **467,268** | **457,637** | **463,710** | **519,097** |
| **OTHER COMPREHENSIVE INCOME OR LOSS (-)** | | | | | | **479** | **34** | **-318** | **211** | **2,142** |
| **ACCUMULATED DEFICIT AT END OF YEAR** | **511,946** | **505,325** | **496,180** | **494,717** | **481,499** | **467,268** | **457,637** | **463,710** | **519,097** | **550,327** |

## TABLE 1.2

## GOVERNMENT OF CANADA
## DETAILED STATEMENT OF FINANCIAL POSITION

(in millions of dollars)

| | As at March 31 | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
| **LIABILITIES** | | | | | | | | | | |
| ***ACCOUNTS PAYABLE AND ACCRUED LIABILITIES—*** | | | | | | | | | | |
| Other accounts payable and accrued liabilities | 31,424 | 32,909 | 36,905 | 46,045 | 48,263 | 50,730 | 47,000 | 49,379 | 58,284 | 55,342 |
| Taxes payable | 34,284 | 33,549 | 33,040 | 35,650 | 38,402 | 41,388 | 49,010 | 50,845 | 48,251 | 48,648 |
| Environmental liabilities | 3,051 | 3,378 | 3,564 | 5,624 | 5,861 | 6,062 | 6,669 | 6,342 | 6,602 | 7,745 |
| Interest and matured debt | 10,409 | 9,558 | 8,933 | 8,104 | 7,875 | 7,516 | 7,182 | 6,919 | 6,853 | 6,733 |
| Allowance for guarantees | 4,076 | 3,802 | 2,770 | 2,317 | 1,031 | 815 | 602 | 514 | 535 | 592 |
| ***Total accounts payable and accrued liabilities*** | ***83,244*** | ***83,196*** | ***85,212*** | ***97,740*** | ***101,432*** | ***106,511*** | ***110,463*** | ***113,999*** | ***120,525*** | ***119,060*** |
| ***INTEREST- BEARING DEBT—*** | | | | | | | | | | |
| *Unmatured debt—* | | | | | | | | | | |
| Payable in Canadian currency— | | | | | | | | | | |
| Marketable bonds | 292,500 | 287,133 | 277,780 | 265,798 | 261,134 | 257,482 | 253,550 | 295,186 | 367,962 | 416,080 |
| Treasury bills | 94,039 | 104,411 | 113,378 | 127,199 | 131,597 | 134,074 | 116,936 | 192,275 | 175,849 | 162,980 |
| Retail debt | 23,966 | 22,584 | 21,330 | 19,080 | 17,342 | 15,175 | 13,068 | 12,532 | 11,855 | 10,141 |
| Bonds for Canada Pension Plan | 3,391 | 3,371 | 3,427 | 3,393 | 3,102 | 1,743 | 1,042 | 523 | 452 | 27 |
| | *413,896* | *417,499* | *415,915* | *415,470* | *413,175* | *408,474* | *384,596* | *500,516* | *556,118* | *589,228* |
| Payable in foreign currencies | 27,032 | 21,141 | 20,542 | 16,286 | 14,085 | 10,372 | 9,498 | 10,381 | 8,243 | 7,628 |
| Cross-currency swap revaluation | 865 | 1,495 | 363 | -922 | -2,258 | -1,091 | -1,420 | 3,690 | -4,233 | -5,091 |
| Unamortized discounts and premiums on market debt | -2,602 | -5,256 | -5,610 | -6,342 | -6,780 | -6,659 | -6,213 | -4,751 | -5,092 | -4,485 |
| Obligation related to capital leases | 2,619 | 2,664 | 2,774 | 2,932 | 2,927 | 3,096 | 4,236 | 4,184 | 4,090 | 3,685 |
| Other unmatured debt | | | | | | | | | | 190 |
| *Total unmatured debt* | *441,810* | *437,543* | *433,984* | *427,424* | *421,149* | *414,192* | *390,697* | *514,020* | *559,126* | *591,155* |
| *Pension and other future benefits—* | | | | | | | | | | |
| Public sector pensions | 126,921 | 125,708 | 127,560 | 129,579 | 131,062 | 134,726 | 137,371 | 139,909 | 142,843 | 146,135 |
| Other employee and veteran future benefits | 38,280 | 38,844 | 39,367 | 41,549 | 43,369 | 45,123 | 47,901 | 50,311 | 54,227 | 58,206 |
| *Total pension and other future benefits* | *165,201* | *164,552* | *166,927* | *171,128* | *174,431* | *179,849* | *185,272* | *190,220* | *197,070* | *204,341* |
| Due to Canada Pension Plan | 6,770 | 7,093 | 7,483 | 2,771 | 151 | 54 | 106 | 90 | 175 | 23 |
| Other liabilities | 5,971 | 6,642 | 6,488 | 5,909 | 5,342 | 5,157 | 5,789 | 5,833 | 6,412 | 6,292 |
| ***Total interest-bearing debt*** | ***619,752*** | ***615,830*** | ***614,882*** | ***607,232*** | ***601,073*** | ***599,252*** | ***581,864*** | ***710,163*** | ***762,783*** | ***801,811*** |
| **TOTAL LIABILITIES** | **702,996** | **699,026** | **700,094** | **704,972** | **702,505** | **705,763** | **692,327** | **824,162** | **883,308** | **920,871** |
| **FINANCIAL ASSETS** | | | | | | | | | | |
| ***CASH AND ACCOUNTS RECEIVABLE—*** | | | | | | | | | | |
| Cash and cash equivalents | 11,398 | 16,528 | 20,572 | 20,615 | 21,149 | 22,696 | 13,729 | 46,985 | 28,450 | 14,323 |
| Taxes receivable | 45,605 | 43,597 | 47,953 | 53,477 | 59,113 | 66,492 | 65,902 | 71,911 | 69,063 | 78,626 |
| Other accounts receivable | 2,939 | 2,603 | 2,476 | 2,254 | 2,581 | 3,398 | 3,247 | 3,251 | 3,692 | 3,958 |
| ***Total cash and accounts receivable*** | ***59,942*** | ***62,728*** | ***71,001*** | ***76,346*** | ***82,843*** | ***92,586*** | ***82,878*** | ***122,147*** | ***101,205*** | ***96,907*** |
| ***FOREIGN EXCHANGE ACCOUNTS—*** | | | | | | | | | | |
| International reserves held in the Exchange Fund Account | 48,667 | 44,849 | 41,247 | 39,114 | 40,936 | 44,673 | 42,904 | 51,194 | 53,701 | 54,041 |
| International Monetary Fund—Subscriptions | 12,821 | 12,942 | 12,185 | 11,240 | 10,673 | 11,106 | 10,752 | 12,011 | 9,823 | 9,792 |
| International Monetary Fund—Loans | | | | | | | | | 337 | 1,139 |
| Less: International Monetary Fund—Notes payable and special drawing rights allocations | 9,442 | 8,841 | 9,119 | 9,483 | 10,782 | 11,601 | 11,357 | 11,496 | 16,911 | 16,465 |
| ***Total foreign exchange accounts*** | ***52,046*** | ***48,950*** | ***44,313*** | ***40,871*** | ***40,827*** | ***44,178*** | ***42,299*** | ***51,709*** | ***46,950*** | ***48,507*** |
| ***LOANS, INVESTMENTS AND ADVANCES—*** | | | | | | | | | | |
| Enterprise Crown corporations and other government business enterprises | 11,952 | 12,858 | 14,594 | 17,625 | 20,584 | 23,683 | 30,167 | 104,049 | 129,523 | 135,673 |
| Other loans, investments and advances | 13,744 | 14,920 | 19,184 | 20,543 | 21,305 | 21,411 | 20,702 | 21,044 | 23,158 | 22,876 |
| ***Total loans, investments and advances*** | ***25,696*** | ***27,778*** | ***33,778*** | ***38,168*** | ***41,889*** | ***45,094*** | ***50,869*** | ***125,093*** | ***152,681*** | ***158,549*** |
| **TOTAL FINANCIAL ASSETS** | **137,684** | **139,456** | **149,092** | **155,385** | **165,559** | **181,858** | **176,046** | **298,949** | **300,836** | **303,963** |
| **NET DEBT** | **565,312** | **559,570** | **551,002** | **549,587** | **536,946** | **523,905** | **516,281** | **525,213** | **582,472** | **616,908** |
| **NON-FINANCIAL ASSETS** | | | | | | | | | | |
| Tangible capital assets | 45,727 | 47,037 | 47,748 | 48,210 | 48,355 | 49,036 | 51,175 | 53,326 | 55,054 | 57,668 |
| Inventories | 6,438 | 6,113 | 6,134 | 5,525 | 5,875 | 5,988 | 6,248 | 6,348 | 6,192 | 6,830 |
| Prepaid expenses | 1,201 | 1,095 | 940 | 1,135 | 1,217 | 1,613 | 1,221 | 1,829 | 2,129 | 2,083 |
| **TOTAL NON-FINANCIAL ASSETS** | **53,366** | **54,245** | **54,822** | **54,870** | **55,447** | **56,637** | **58,644** | **61,503** | **63,375** | **66,581** |
| **ACCUMULATED DEFICIT** | **511,946** | **505,325** | **496,180** | **494,717** | **481,499** | **467,268** | **457,637** | **463,710** | **519,097** | **550,327** |

## TABLE 1.3

## GOVERNMENT OF CANADA
## STATEMENT OF CHANGE IN NET DEBT

(in millions of dollars)

| | Year ended March 31 | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
| **NET DEBT AT BEGINNING OF YEAR** | **571,737** | **565,312** | **559,570** | **551,002** | **549,587** | **536,946** | **523,905** | **516,281** | **525,213** | **582,472** |
| **CHANGE IN NET DEBT DURING THE YEAR—** | | | | | | | | | | |
| **ANNUAL SURPLUS (-) OR DEFICIT** | **-8,048** | **-6,621** | **-9,145** | **-1,463** | **-13,218** | **-13,752** | **-9,597** | **5,755** | **55,598** | **33,372** |
| **CHANGE DUE TO TANGIBLE CAPITAL ASSETS—** | | | | | | | | | | |
| Acquisition of tangible capital assets | 4,487 | 5,051 | 4,535 | 4,619 | 4,046 | 4,789 | 5,957 | 6,249 | 7,136 | 8,061 |
| Amortization of tangible capital assets | -2,583 | -3,341 | -3,502 | -3,696 | -3,904 | -3,807 | -3,954 | -4,176 | -4,418 | -4,756 |
| Proceeds from disposal of tangible capital assets | -56 | -288 | -91 | -144 | -146 | -202 | -440 | -608 | -297 | -447 |
| Net loss (-) or gain on disposal of tangible capital assets, including adjustments | -336 | -112 | -231 | -317 | 149 | -99 | 576 | 686 | -693 | -244 |
| *Total change due to tangible capital assets* | *1,512* | *1,310* | *711* | *462* | *145* | *681* | *2,139* | *2,151* | *1,728* | *2,614* |
| **CHANGE DUE TO INVENTORIES** | **-153** | **-325** | **21** | **-609** | **350** | **113** | **260** | **100** | **-156** | **638** |
| **CHANGE DUE TO PREPAID EXPENSES** | **264** | **-106** | **-155** | **195** | **82** | **396** | **-392** | **608** | **300** | **-46** |
| **NET DECREASE (-) OR INCREASE IN NET DEBT DUE TO OPERATIONS** | **-6,425** | **-5,742** | **-8,568** | **-1,415** | **-12,641** | **-12,562** | **-7,590** | **8,614** | **57,470** | **36,578** |
| **OTHER COMPREHENSIVE INCOME (-) OR LOSS** | | | | | | **-479** | **-34** | **318** | **-211** | **-2,142** |
| **NET DECREASE (-) OR INCREASE IN NET DEBT** | **-6,425** | **-5,742** | **-8,568** | **-1,415** | **-12,641** | **-13,041** | **-7,624** | **8,932** | **57,259** | **34,436** |
| **NET DEBT AT END OF YEAR** | **565,312** | **559,570** | **551,002** | **549,587** | **536,946** | **523,905** | **516,281** | **525,213** | **582,472** | **616,908** |

## *TABLE 1.4*

## GOVERNMENT OF CANADA
## STATEMENT OF CASH FLOW

(in millions of dollars)

| | Year ended March 31 | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
| **OPERATING ACTIVITIES—** | | | | | | | | | | |
| **ANNUAL SURPLUS OR DEFICIT (-)** | **8,048** | **6,621** | **9,145** | **1,463** | **13,218** | **13,752** | **9,597** | **-5,755** | **-55,598** | **-33,372** |
| Items not affecting cash— | | | | | | | | | | |
| Share of annual profit in enterprise Crown corporations and other government business enterprises | -2,479 | -2,958 | -3,708 | -4,853 | -5,041 | -5,336 | -4,256 | -4,773 | -2,306 | -6,992 |
| Amortization of tangible capital assets | 2,583 | 3,341 | 3,502 | 3,696 | 3,904 | 3,807 | 3,954 | 4,176 | 4,418 | 4,756 |
| Net loss or gain (-) on disposal of tangible capital assets, including adjustments | 336 | 112 | 231 | 317 | -149 | 99 | -576 | -686 | 693 | 244 |
| Change in taxes receivable | 2,967 | 2,008 | -4,356 | -5,524 | -5,636 | -7,379 | 590 | -6,009 | 2,848 | -9,563 |
| Change in pension and other future benefits | -1,652 | -648 | 2,375 | 4,201 | 3,303 | 5,418 | 5,423 | 4,948 | 6,850 | 7,271 |
| Change in foreign exchange accounts | -1,776 | 3,096 | 4,637 | 3,442 | 44 | -3,351 | 1,879 | -9,410 | 4,759 | -1,557 |
| Net change in other accounts | -4,361 | -30 | 1,341 | 5,810 | -1,174 | 5,080 | 5,420 | 11,398 | 884 | -2,452 |
| **Cash used (-) or provided by operating activities** | **3,666** | **11,542** | **13,167** | **8,552** | **8,469** | **12,090** | **22,031** | **-6,111** | **-37,452** | **-41,665** |
| **CAPITAL INVESTMENT ACTIVITIES—** | | | | | | | | | | |
| Acquisition of tangible capital assets | -4,487 | -5,051 | -4,535 | -4,619 | -4,046 | -4,789 | -5,957 | -6,249 | -7,136 | -8,061 |
| Proceeds from disposal of tangible capital assets | 56 | 288 | 91 | 144 | 146 | 202 | 440 | 608 | 297 | 447 |
| **Cash used by capital investment activities** | **-4,431** | **-4,763** | **-4,444** | **-4,475** | **-3,900** | **-4,587** | **-5,517** | **-5,641** | **-6,839** | **-7,614** |
| **INVESTING ACTIVITIES—** | | | | | | | | | | |
| Enterprise Crown corporations and other government business enterprises— | | | | | | | | | | |
| Equity transactions | 2,167 | 1,814 | 1,843 | 1,669 | 2,012 | 2,602 | 2,436 | 1,495 | -3,226 | 2,818 |
| Issuance of loans and advances | -248 | -26 | -167 | -142 | -198 | -3,713 | -5,052 | -132,057 | -119,755 | -76,579 |
| Repayment of loans and advances | 1,052 | 307 | 358 | 334 | 331 | 3,894 | 435 | 60,688 | 99,921 | 76,677 |
| Issuance of other loans, investments and advances | -6,637 | -6,216 | -9,569 | -8,218 | -6,861 | -16,969 | -6,571 | -6,910 | -21,174 | -5,858 |
| Repayment of other loans, investments and advances | 3,926 | 4,716 | 4,929 | 6,866 | 5,182 | 16,475 | 6,883 | 5,041 | 16,620 | 5,814 |
| **Cash provided or used (-) by investing activities** | **260** | **595** | **-2,606** | **509** | **466** | **2,289** | **-1,869** | **-71,743** | **-27,614** | **2,872** |
| **TOTAL CASH GENERATED OR USED (-) BEFORE FINANCING ACTIVITIES** | **-505** | **7,374** | **6,117** | **4,586** | **5,035** | **9,792** | **14,645** | **-83,495** | **-71,905** | **-46,407** |
| **FINANCING ACTIVITIES—** | | | | | | | | | | |
| Issuance of Canadian currency borrowings | 258,142 | 309,420 | 336,260 | 335,682 | 363,824 | 369,354 | 343,755 | 531,668 | 554,892 | 553,464 |
| Repayment of Canadian currency borrowings | -255,931 | -305,773 | -337,734 | -335,969 | -366,123 | -373,886 | -366,493 | -415,801 | -499,383 | -520,569 |
| Issuance of foreign currency borrowings | 23,412 | 17,297 | 14,227 | 13,608 | 15,859 | 11,586 | 11,099 | 24,500 | 22,212 | 8,195 |
| Repayment of foreign currency borrowings | -29,538 | -23,188 | -14,826 | -17,864 | -18,061 | -15,299 | -11,973 | -23,616 | -24,351 | -8,810 |
| **Cash provided or used (-) by financing activities** | **-3,915** | **-2,244** | **-2,073** | **-4,543** | **-4,501** | **-8,245** | **-23,612** | **116,751** | **53,370** | **32,280** |
| **NET INCREASE OR DECREASE (-) IN CASH** | **-4,420** | **5,130** | **4,044** | **43** | **534** | **1,547** | **-8,967** | **33,256** | **-18,535** | **-14,127** |
| **CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR** | **15,818** | **11,398** | **16,528** | **20,572** | **20,615** | **21,149** | **22,696** | **13,729** | **46,985** | **28,450** |
| **CASH AND CASH EQUIVALENTS AT END OF YEAR** | **11,398** | **16,528** | **20,572** | **20,615** | **21,149** | **22,696** | **13,729** | **46,985** | **28,450** | **14,323** |

## TABLE 1.5

## GOVERNMENT OF CANADA
## DETAILED STATEMENT OF NON-BUDGETARY TRANSACTIONS AND OF NON-FINANCIAL ASSETS

(in millions of dollars)

| | Year ended March 31 | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
| **LOANS, INVESTMENTS AND ADVANCES—** | | | | | | | | | | |
| Enterprise Crown corporations and other government business enterprises— | | | | | | | | | | |
| Loans and advances— | | | | | | | | | | |
| Canada Mortgage and Housing Corporation | 226 | 218 | 219 | 190 | 200 | 148 | 258 | -57,470 | -10,399 | 2,693 |
| Business Development Bank of Canada | | | | | | | -1,000 | -6,284 | -4,961 | -978 |
| Farm Credit Canada | 578 | | | | | | -3,840 | -7,610 | -4,481 | -1,627 |
| Other | | 63 | -28 | 2 | -67 | 33 | -35 | -5 | 7 | 10 |
| | *804* | *281* | *191* | *192* | *133* | *181* | *-4,617* | *-71,369* | *-19,834* | *98* |
| Investments— | | | | | | | | | | |
| Share of annual profit | -2,479 | -2,958 | -3,708 | -4,853 | -5,041 | -5,336 | -4,256 | -4,773 | -2,306 | -6,992 |
| Other comprehensive income (-) or loss | | | | | | -479 | -34 | 318 | -211 | -2,142 |
| Dividends | 2,078 | 1,881 | 1,907 | 1,944 | 2,027 | 2,604 | 2,436 | 2,095 | 1,391 | 2,818 |
| Capital | 89 | -67 | -64 | -275 | -15 | -3 | | -600 | -4,617 | |
| | *-312* | *-1,144* | *-1,865* | *-3,184* | *-3,029* | *-3,214* | *-1,854* | *-2,960* | *-5,743* | *-6,316* |
| Total | 492 | -863 | -1,674 | -2,992 | -2,896 | -3,033 | -6,471 | -74,329 | -25,577 | -6,218 |
| Less: | | | | | | | | | | |
| Amount expected to be repaid from future appropriations | -190 | 43 | 62 | 39 | 63 | 66 | 32 | -473 | -103 | -64 |
| Unamortized discounts and premiums | | | | | | | -19 | 26 | | -4 |
| Total | 682 | -906 | -1,736 | -3,031 | -2,959 | -3,099 | -6,484 | -73,882 | -25,474 | -6,150 |
| Other loans, investments and advances— | | | | | | | | | | |
| Portfolio investments | | | | 1,225 | -101 | | | 6 | 2 | |
| National governments, including developing countries | 185 | 828 | 572 | 171 | 158 | 80 | 143 | -182 | 235 | 69 |
| International organizations | -459 | -349 | -72 | -253 | -224 | -491 | -321 | -905 | -454 | -826 |
| Provincial and territorial governments | 385 | -249 | -2,459 | -673 | 14 | 285 | 899 | 217 | 590 | 257 |
| Other loans, investments and advances | -2,822 | -1,730 | -2,681 | -1,822 | -1,524 | -367 | -410 | -1,005 | -4,926 | 456 |
| Total | -2,711 | -1,500 | -4,640 | -1,352 | -1,677 | -493 | 311 | -1,869 | -4,553 | -44 |
| Less: allowance for valuation | -865 | -324 | -376 | 6 | -915 | -387 | -398 | -1,527 | -2,440 | -326 |
| Total | -1,846 | -1,176 | -4,264 | -1,358 | -762 | -106 | 709 | -342 | -2,113 | 282 |
| **Total loans, investments and advances** | **-1,164** | **-2,082** | **-6,000** | **-4,389** | **-3,721** | **-3,205** | **-5,775** | **-74,224** | **-27,587** | **-5,868** |
| **PENSION AND OTHER FUTURE BENEFITS—** | | | | | | | | | | |
| Public sector pensions | -2,264 | -1,213 | 1,852 | 2,019 | 1,483 | 3,664 | 2,645 | 2,538 | 2,934 | 3,292 |
| Other employee and veteran future benefits | 612 | 564 | 523 | 2,182 | 1,820 | 1,754 | 2,778 | 2,410 | 3,916 | 3,979 |
| **Total pension and other future benefits** | **-1,652** | **-649** | **2,375** | **4,201** | **3,303** | **5,418** | **5,423** | **4,948** | **6,850** | **7,271** |
| **OTHER LIABILITIES—** | | | | | | | | | | |
| Due to Canada Pension Plan | 379 | 323 | 390 | -4,712 | -2,620 | -97 | 52 | -16 | 85 | -152 |
| Other liabilities | 242 | 672 | -154 | -579 | -567 | -185 | 632 | 44 | 579 | -120 |
| **Total other liabilities** | **621** | **995** | **236** | **-5,291** | **-3,187** | **-282** | **684** | **28** | **664** | **-272** |
| **NON-FINANCIAL ASSETS—** | | | | | | | | | | |
| Tangible capital assets | -1,512 | -1,310 | -711 | -462 | -145 | -681 | -2,139 | -2,152 | -1,728 | -2,614 |
| Inventories | 153 | 325 | -21 | 609 | -350 | -113 | -260 | -100 | 156 | -638 |
| Prepaid expenses | -264 | 106 | 155 | -195 | -82 | -396 | 392 | -608 | -300 | 46 |
| **Total non-financial assets** | **-1,623** | **-879** | **-577** | **-48** | **-577** | **-1,190** | **-2,007** | **-2,860** | **-1,872** | **-3,206** |
| **OTHER TRANSACTIONS—** | | | | | | | | | | |
| Taxes receivable | 2,967 | 2,008 | -4,356 | -5,524 | -5,636 | -7,379 | 590 | -6,009 | 2,848 | -9,563 |
| Other accounts receivable | -258 | 336 | 127 | 223 | -327 | -817 | 151 | -3 | -441 | -266 |
| Provincial, territorial and Aboriginal tax agreements account | -1,139 | -934 | 2,374 | 1,103 | 2,316 | 410 | -1,311 | -168 | 1,438 | 241 |
| Taxes payable | 1,254 | -735 | -509 | 2,610 | 2,752 | 2,986 | 7,622 | 1,835 | -2,594 | 397 |
| Other liabilities | -5,350 | 1,621 | 151 | 8,813 | -1,376 | 1,683 | -2,359 | 1,869 | 7,682 | -2,103 |
| **Total other transactions** | **-2,526** | **2,296** | **-2,213** | **7,225** | **-2,271** | **-3,117** | **4,693** | **-2,476** | **8,933** | **-11,294** |
| **TOTAL NON-BUDGETARY TRANSACTIONS AND NON-FINANCIAL ASSETS** | **-6,344** | **-319** | **-6,179** | **1,698** | **-6,453** | **-2,376** | **3,018** | **-74,584** | **-13,012** | **-13,369** |

## TABLE 1.6

## GOVERNMENT OF CANADA
## DETAILED STATEMENT OF FOREIGN EXCHANGE, UNMATURED DEBT AND CASH TRANSACTIONS

(in millions of dollars)

| | Year ended March 31 | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
| **FOREIGN EXCHANGE ACCOUNTS—** | | | | | | | | | | |
| International reserves held in the Exchange Fund Account | -822 | 3,818 | 3,602 | 2,133 | -1,822 | -3,737 | 1,769 | -8,290 | -2,507 | -340 |
| International Monetary Fund—Subscriptions | -7 | -121 | 757 | 945 | 567 | -433 | 354 | -1,259 | 2,188 | 31 |
| International Monetary Fund—Loans | | | | | | | | | -337 | -802 |
| | *-829* | *3,697* | *4,359* | *3,078* | *-1,255* | *-4,170* | *2,123* | *-9,549* | *-656* | *-1,111* |
| Less: International Monetary Fund—Notes payable | 947 | 623 | -336 | -453 | -1,412 | -771 | 201 | 14 | 2,351 | 416 |
| Special drawing rights allocations | | -22 | 58 | 89 | 113 | -48 | 43 | -154 | -7,766 | 30 |
| | *947* | *601* | *-278* | *-364* | *-1,299* | *-819* | *244* | *-140* | *-5,415* | *446* |
| **Total foreign exchange accounts** | **-1,776** | **3,096** | **4,637** | **3,442** | **44** | **-3,351** | **1,879** | **-9,409** | **4,759** | **-1,557** |
| **UNMATURED DEBT—** | | | | | | | | | | |
| Payable in Canadian currency— | | | | | | | | | | |
| Marketable bonds | -941 | -5,367 | -9,354 | -11,981 | -4,664 | -3,652 | -3,932 | 41,636 | 72,776 | 48,118 |
| Treasury bills | 5,339 | 10,371 | 8,967 | 13,821 | 4,398 | 2,477 | -17,138 | 75,339 | -16,426 | -12,869 |
| Retail debt | -2,133 | -1,382 | -1,254 | -2,250 | -1,738 | -2,167 | -2,107 | -536 | -677 | -1,714 |
| Bonds for Canada Pension Plan | -82 | -19 | 56 | -35 | -291 | -1,359 | -700 | -519 | -71 | -425 |
| | *2,183* | *3,603* | *-1,585* | *-445* | *-2,295* | *-4,701* | *-23,877* | *115,919* | *55,602* | *33,110* |
| Payable in foreign currencies | -6,126 | -5,891 | -599 | -4,256 | -2,201 | -3,713 | -875 | 883 | -2,138 | -615 |
| Cross-currency swap revaluation | -2 | 630 | -1,132 | -1,285 | -1,336 | 1,167 | -329 | 5,110 | -7,923 | -858 |
| Unamortized discounts and premiums on market debt | -431 | -2,654 | -354 | -732 | -438 | 121 | 446 | 1,462 | -341 | 607 |
| Obligation related to capital leases | 28 | 44 | 111 | 158 | -5 | 169 | 1,140 | -51 | -94 | -405 |
| Other unmatured debt | | | | | | | | | | 190 |
| **Total unmatured debt** | **-4,348** | **-4,268** | **-3,559** | **-6,560** | **-6,275** | **-6,957** | **-23,495** | **123,323** | **45,106** | **32,029** |
| **CASH AND CASH EQUIVALENTS AT END OF YEAR—** | | | | | | | | | | |
| In Canadian currency | 11,351 | 16,478 | 20,559 | 20,607 | 21,152 | 22,701 | 13,733 | 46,989 | 28,124 | 13,902 |
| In foreign currencies | 47 | 50 | 13 | 8 | -3 | -5 | -4 | -4 | 326 | 421 |
| **Total cash and cash equivalents** | **11,398** | **16,528** | **20,572** | **20,615** | **21,149** | **22,696** | **13,729** | **46,985** | **28,450** | **14,323** |

# GLOSSARY OF TERMS

The following terms are used in this section and throughout the financial statements in Section 2 of this Volume. The definitions are taken from three primary sources:

1. TERMIUM at www.termiumplus.gc.ca/
2. The *CICA Public Sector Accounting Handbook*.
3. Glossary of Frequently-Used Terms, Finance Canada.

- Accounts of Canada –
  The centralized record of the financial transactions of the Government of Canada, maintained by the Receiver General. The accounts of Canada summarize revenues, expenses, assets and liabilities transactions.

- Accrued Benefit Obligation –
  The value of future benefits attributed to services rendered by employees and former employees to the accounting date.

- Accumulated Deficit –
  The accumulated net total of all past federal deficits and surpluses since Confederation plus accumulated other comprehensive income. The accumulated deficit is also equal to total liabilities less total assets – both financial and non-financial.

- Actuarial Valuation for Accounting Purposes –
  An assessment of the financial status of a benefit plan. It consists of the valuation of assets held to discharge the benefit liability and calculation of the actuarial present value of benefits to be paid under the plan. The valuation results in a calculation of the required future contributions or payments and a determination of any gains or losses since the last valuation.

- Allowance –
  Estimated potential losses on the realization of government financial claims or estimated financial obligations that would not otherwise be recorded in the financial statements.

- Appropriation –
  Any authority of Parliament to pay money out of the Consolidated Revenue Fund.

- Capital Lease –
  A lease that, from the point of view of the lessee, transfers substantially all the benefits and risks incident to ownership of property to the lessee.

- Consolidated Revenue Fund –
  The aggregate of all public moneys that are on deposit at the credit of the Receiver General for Canada.

- Consumer Price Index (CPI) –
  A measure of price changes produced by Statistics Canada on a monthly basis. The CPI measures the retail prices of a "shopping basket" of about 300 goods and services including food, housing, transportation, clothing and recreation. The index is "weighted", meaning that it gives greater importance to price changes for some products than others – more to housing, for example, than to entertainment – in an effort to reflect typical spending patterns. Increases in the CPI are also referred to as increases in the cost of living.

- Contingent Liability –
  A potential debt which may become an actual financial obligation if certain events occur or fail to occur.

- Contractual Obligation –
  A written obligation to outside organizations or individuals as a result of a contract.

- Defined Benefit Pension Plan –
  A plan that specifies either the benefits to be received by employees after retirement or the method for determining those benefits.

- Enterprise Crown Corporation –
  A corporation which is not dependent on parliamentary appropriations and whose principal activity and source of revenues are the sale of goods and/or services to outside parties. An enterprise Crown corporation is ultimately accountable to Parliament, through a minister of the Crown, for the conduct of its affairs.

- Financial Assets –
  An asset on hand at the end of the accounting period, which could provide resources to discharge existing liabilities or finance future operations. Financial assets include cash and assets that are convertible into cash and are not intended for consumption in the normal course of activities.

- Full Accrual Accounting –
  The method of recording transactions by which revenues and expenses are reflected in the determination of results for the period in which they are considered to have been earned and incurred, respectively, whether or not such transactions have been settled finally by the receipt or payment of cash or its equivalent.

- G-7 (Group of Seven) –
  The G-7 consists of the world's seven largest industrial market economies: the United States, Japan, Germany, France, Great Britain, Italy and Canada. The leaders of these countries meet annually to discuss political and economic issues of mutual concern. In addition, G-7 finance ministers meet several times a year to discuss economic policy. Their work is supported by regular, functional meetings of officials, including the G-7 Finance Deputies.

- Gross Domestic Product (GDP) –
  The total value of all goods and services produced within Canada during a given year. It is a measure of the income generated by production within Canada. Also referred to as annual economic output or, more simply, output. To avoid counting the same output more than once, GDP includes only final goods and services – not those that are used to make another product. GDP would not include the wheat used to make bread, but would include the bread itself.

- Net Book Value of Tangible Capital Assets –
  The cost of tangible capital assets less both accumulated amortization and the amount of any write-downs.

- Net Debt –
  The total liabilities of the government less its financial assets.

- Non-Financial Assets –
  An asset on hand at the end of the accounting period, which could not normally be converted to cash to pay off the debt, without disrupting government operations.

- Operating Lease –
  A lease in which the lessor retains substantially all the benefits and risks of ownership.

- Other comprehensive income –
  Other comprehensive income holds any unrealized gains and losses resulting from the change in market value on assets that are classified as available-for-sale or derivative instruments used in hedging activities.

- Public Money –
  All money belonging to Canada received or collected by the Receiver General or any other public officer in his official capacity or any person authorized to receive or collect such money.

- Real Return Bonds –
  These Government of Canada bonds pay semi-annual interest based upon a real interest rate. Unlike standard fixed-coupon marketable bonds, interest payments on real return bonds are adjusted for changes in the consumer price index.

- Retail Debt –
  Canada Savings Bonds and Canada Premium Bonds.

- Surplus –
  The amount by which government revenue exceeds expenses in any given year.

- Swap –
  An agreement that exchanges one type of return or financial instrument for another (e.g. a fixed for a floating rate of interest).

- Tangible Capital Asset –
  A non-financial asset having physical substance that:

  *(i)* is held for use in the production or supply of goods and services;
  *(ii)* has a useful economic life extending beyond an accounting period; and
  *(iii)* has been acquired to be used on a continuing basis.

- Transfer Payments –
  A transfer of money from a government to an individual, an organization or another government for which the government making the transfer does not:

  *(i)* receive any goods or services directly in return as would occur in a purchase/sales transaction;
  *(ii)* expect to be repaid in the future, as would be expected in a loan; or
  *(iii)* expect a financial return, as would be expected in an investment.

# SECTION 2

**2010-2011**

***PUBLIC ACCOUNTS OF CANADA***

# Financial Statements of the Government of Canada and Report and Observations of the Auditor General of Canada

## CONTENTS

*Page*

Preface ........ 2.2
Statement of responsibility ........ 2.3
Auditor General of Canada—Independent Auditor's Report ... 2.4

Financial statements—

  Statement of Operations and Accumulated Deficit ........ 2.5
  Statement of Financial Position ........ 2.6
  Statement of Change in Net Debt ........ 2.7
  Statement of Cash Flow ........ 2.8
  Notes to the Financial Statements of the Government of Canada ........ 2.9

Supplementary information—

  Observations of the Auditor General of Canada ........ 2.34

# PREFACE TO THE FINANCIAL STATEMENTS OF THE GOVERNMENT OF CANADA

The fundamental purpose of these financial statements is to provide information to Parliament, and thus to the public, to facilitate an understanding and evaluation of the full nature and extent of the financial affairs and resources for which the Government is responsible. These financial statements reflect the financial position of the Government at the reporting date, as well as its results of operations, accumulated deficit, change in net debt and cash flow for the year then ended.

The two fundamental concepts underlying the Government's accounting system are found in the Constitution Acts: first, that all duties and revenues received, other than those reserved to the provinces, "shall form One Consolidated Revenue Fund" (CRF); second, that the balance of the CRF, after certain prior charges, "shall be appropriated by the Parliament of Canada".

The right of Canada to raise taxes and revenues is contained in the Constitution Acts, and is given specific form in various Acts passed by Parliament. Revenues can be raised and moneys can be spent or borrowed by the Government only with the authority of Parliament. All receipts of money by departments and agencies must be deposited into the CRF. All disbursements from the CRF for spending on operations, for loans, investments and advances, and for the redemption of matured debt, must be authorized by Parliament, through annual appropriation acts and other statutes.

Wholly-owned Crown corporations that are agents of Her Majesty may only borrow as authorized by Acts of Parliament. Such Acts usually place a ceiling on the amount of borrowings that can be outstanding at any one time. Non-agent Crown corporations and other government business enterprises can borrow without specific parliamentary authority, although such borrowings are sometimes guaranteed by the Government with the authority of Parliament.

The financial statements of the Government of Canada consist of four statements and accompanying notes.

The first is the **Statement of Operations and Accumulated Deficit**, which presents the Government's revenues, expenses, deficit, and other comprehensive loss or income for the year, and the net accumulation of the annual surpluses and deficits since Confederation.

The second is the **Statement of Financial Position**, which discloses the Government's cash balance and investments, amounts owing to and by the Government at the end of the year, and the Government's non-financial assets such as its tangible capital assets and inventories. It also presents both the accumulated deficit of the Government and its net debt which is the difference between the Government's total liabilities and its financial assets.

The third is the **Statement of Change in Net Debt**, which explains the difference between the Government's annual deficit and the change in the net debt for the year. It reports the extent to which revenues recognized in the year were sufficient, or not sufficient, to offset expenditures, as opposed to the expenses recognized in the annual deficit.

The fourth is the **Statement of Cash Flow**, which provides information on the Government's cash provided by or used for operating, capital investment, investing and financing activities.

Other sections in this volume together with Volume II and Volume III of the *Public Accounts of Canada*, provide more detailed supplementary information in respect of matters reported in the financial statements. The Independent Auditor's Report on the financial statements does not extend to this supplementary information.

# STATEMENT OF RESPONSIBILITY

The financial statements in this section are prepared by the Government of Canada in accordance with the accounting policies set out in Note 1 to the financial statements, which are based on Canadian public sector accounting standards, and on a basis consistent with that of the preceding year.

Responsibility for the integrity and objectivity of the financial statements rests with the Government. The financial statements are prepared under the joint direction of the President of the Treasury Board, the Minister of Finance, and the Receiver General for Canada in compliance with governing legislation. The financial statements are prepared on a full accrual basis of accounting whereby, assets include both financial and non-financial assets, revenues, including tax revenues are recorded when earned, and expenses include accrued expenses and amortization of tangible capital assets. The information included in these financial statements is based on the Government's best estimates and judgement, with due consideration given to materiality.

To fulfill its accounting and reporting responsibilities, the Government maintains systems of financial management and internal control which give due consideration to costs, benefits and risks. These systems are designed to provide reasonable assurance that transactions are properly authorized by Parliament, are executed in accordance with prescribed regulations, and are properly recorded so as to maintain accountability of public money and safeguard the assets and properties of Canada under Government administration. The Receiver General for Canada maintains the accounts of Canada, a centralized summary record of the Government's financial transactions. Additional information is obtained as required, from departments, agencies, Crown corporations, other government business enterprises, and other entities to meet accounting and reporting requirements.

The Government presents the financial statements to the Auditor General of Canada, who audits them and provides an independent audit opinion to the House of Commons. The duties of the Auditor General of Canada in that respect are contained in section 6 of the *Auditor General Act*. Additional information is provided in the observations of the Auditor General of Canada at the end of this section.

Annually, the financial statements are tabled in the House of Commons as part of the *Public Accounts of Canada*, and are referred to the Standing Committee on Public Accounts, which reports to Parliament on the results of its examination together with any recommendations it may have with respect to the financial statements and accompanying independent audit opinion.

On behalf of the Government of Canada.

MICHELLE D'AURAY
*Secretary of the Treasury Board of Canada*

Michael Horgan
MICHAEL HORGAN
*Deputy Minister of Finance*

FRANÇOIS GUIMONT
*Deputy Receiver General for Canada*

JAMES RALSTON
*Comptroller General of Canada*

September 1, 2011

**Auditor General of Canada**
**Vérificateur général du Canada**

## INDEPENDENT AUDITOR'S REPORT

To the House of Commons

### Report on the Financial Statements

I have audited the accompanying financial statements of the Government of Canada, which comprise the statement of financial position as at 31 March 2011, and the statement of operations and accumulated deficit, statement of change in net debt and statement of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### *The Government's Responsibility for the Financial Statements*

The Government is responsible for the preparation and fair presentation of these financial statements in accordance with the stated accounting policies of the Government of Canada set out in Note 1 to the financial statements, which are based on Canadian public sector accounting standards, and for such internal control as the Government determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Government's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Government's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Government, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

#### *Opinion*

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Government of Canada as at 31 March 2011, and the results of its operations, changes in its net debt, and its cash flows for the year then ended in accordance with the stated accounting policies of the Government of Canada set out in Note 1 to the financial statements, which conform with Canadian public sector accounting standards.

### Report on Other Legal and Regulatory Requirements

As required by Section 6 of the *Auditor General Act*, I report that, in my opinion, the stated accounting policies of the Government of Canada have been applied on a basis consistent with that of the preceding year.

Additional information and comments on the financial statements and this Report are included in my Observations at the end of Section 2, Volume 1 of the *Public Accounts of Canada 2011*.

John Wiersema, FCA
Interim Auditor General of Canada

1 September 2011
Ottawa, Canada

## GOVERNMENT OF CANADA

## Statement of Operations and Accumulated Deficit for the Year Ended March 31, 2011

(in millions of dollars)

| | 2011 | | 2010 |
|---|---|---|---|
| | Budget<br>(Note 2) | Actual | Actual |
| **REVENUES (Note 17)** | | | |
| ***TAX REVENUES —*** | | | |
| **Income tax revenues —** | | | |
| Personal | 116,975 | 113,457 | 103,947 |
| Corporate | 25,460 | 29,969 | 30,361 |
| Non-resident | 5,545 | 5,137 | 5,293 |
| ***Total income tax revenues*** | ***147,980*** | ***148,563*** | ***139,601*** |
| **Other taxes and duties —** | | | |
| Goods and services tax | 27,266 | 28,379 | 26,947 |
| Energy taxes | 5,281 | 5,342 | 5,178 |
| Customs import duties | 3,367 | 3,520 | 3,490 |
| Other excise taxes and duties | 5,051 | 5,662 | 4,958 |
| ***Total other taxes and duties*** | ***40,965*** | ***42,903*** | ***40,573*** |
| ***TOTAL TAX REVENUES*** | ***188,945*** | ***191,466*** | ***180,174*** |
| ***EMPLOYMENT INSURANCE PREMIUMS*** | ***17,630*** | ***17,501*** | ***16,761*** |
| ***OTHER REVENUES —*** | | | |
| Crown corporations | 11,182 | 12,937 | 7,622 |
| Other programs | 13,536 | 13,378 | 12,396 |
| Net foreign exchange | 1,556 | 1,809 | 1,647 |
| ***TOTAL OTHER REVENUES*** | ***26,274*** | ***28,124*** | ***21,665*** |
| **TOTAL REVENUES** | **232,849** | **237,091** | **218,600** |
| **EXPENSES (Notes 3 and 17)** | | | |
| ***TRANSFER PAYMENTS —*** | | | |
| Old age security benefits, guaranteed income supplement and spouse's allowance | 36,658 | 35,629 | 34,653 |
| Major transfer payments to other levels of government | 56,812 | 52,971 | 56,990 |
| Employment insurance benefits | 22,624 | 19,850 | 21,586 |
| Children's benefits | 12,744 | 12,656 | 12,340 |
| Other transfer payments | 39,414 | 36,820 | 39,892 |
| ***TOTAL TRANSFER PAYMENTS*** | ***168,252*** | ***157,926*** | ***165,461*** |
| ***OTHER PROGRAM EXPENSES —*** | | | |
| Crown corporations | 11,598 | 10,547 | 10,428 |
| Ministries | 70,856 | 71,119 | 68,895 |
| ***TOTAL OTHER PROGRAM EXPENSES*** | ***82,454*** | ***81,666*** | ***79,323*** |
| ***TOTAL PROGRAM EXPENSES*** | ***250,706*** | ***239,592*** | ***244,784*** |
| ***PUBLIC DEBT CHARGES*** | ***31,341*** | ***30,871*** | ***29,414*** |
| **TOTAL EXPENSES** | **282,047** | **270,463** | **274,198** |
| **ANNUAL DEFICIT** | **49,198** | **33,372** | **55,598** |
| **ACCUMULATED DEFICIT AT BEGINNING OF YEAR** | **519,097** | **519,097** | **463,710** |
| **OTHER COMPREHENSIVE INCOME (Note 4)** | | **2,142** | **211** |
| **ACCUMULATED DEFICIT AT END OF YEAR (Note 4)** | **568,295** | **550,327** | **519,097** |

The accompanying notes are an integral part of these statements.
Details (unaudited) can be found in other sections of this volume.

# GOVERNMENT OF CANADA

## Statement of Financial Position as at March 31, 2011

(in millions of dollars)

| | 2011 | 2010 |
|---|---|---|
| **LIABILITIES** | | |
| *ACCOUNTS PAYABLE AND ACCRUED LIABILITIES —* | | |
| Other accounts payable and accrued liabilities (Note 16) | 55,342 | 58,284 |
| Taxes payable | 48,648 | 48,251 |
| Environmental liabilities (Note 16) | 7,745 | 6,602 |
| Interest and matured debt | 6,733 | 6,853 |
| Allowance for guarantees (Note 16) | 592 | 535 |
| *TOTAL ACCOUNTS PAYABLE AND ACCRUED LIABILITIES* | *119,060* | *120,525* |
| *INTEREST-BEARING DEBT —* | | |
| Unmatured debt (Note 5) | 591,155 | 559,126 |
| Pension and other future benefits — | | |
| Public sector pensions (Note 6) | 146,135 | 142,843 |
| Other employee and veteran future benefits (Note 6) | 58,206 | 54,227 |
| *Total pension and other future benefits* | *204,341* | *197,070* |
| Other liabilities (Note 7) | 6,315 | 6,587 |
| *TOTAL INTEREST-BEARING DEBT* | *801,811* | *762,783* |
| **TOTAL LIABILITIES** | **920,871** | **883,308** |
| **FINANCIAL ASSETS** | | |
| *CASH AND ACCOUNTS RECEIVABLE —* | | |
| Cash and cash equivalents (Note 8) | 14,323 | 28,450 |
| Taxes receivable (Note 9) | 78,626 | 69,063 |
| Other accounts receivable (Note 9) | 3,958 | 3,692 |
| *TOTAL CASH AND ACCOUNTS RECEIVABLE* | *96,907* | *101,205* |
| *FOREIGN EXCHANGE ACCOUNTS (Note 10)* | *48,507* | *46,950* |
| *LOANS, INVESTMENTS AND ADVANCES —* | | |
| Enterprise Crown corporations and other government business enterprises (Notes 4, 11 and 16) | 135,673 | 129,523 |
| Other loans, investments and advances (Note 12) | 22,876 | 23,158 |
| *TOTAL LOANS, INVESTMENTS AND ADVANCES* | *158,549* | *152,681* |
| **TOTAL FINANCIAL ASSETS** | **303,963** | **300,836** |
| **NET DEBT** | **616,908** | **582,472** |
| **NON-FINANCIAL ASSETS** | | |
| Tangible capital assets (Note 13) | 57,668 | 55,054 |
| Inventories | 6,830 | 6,192 |
| Prepaid expenses | 2,083 | 2,129 |
| **TOTAL NON-FINANCIAL ASSETS** | **66,581** | **63,375** |
| **ACCUMULATED DEFICIT (Note 4)** | **550,327** | **519,097** |
| **CONTRACTUAL OBLIGATIONS AND CONTINGENT LIABILITIES (Notes 15 and 16)** | | |

The accompanying notes are an integral part of these statements.
Details (unaudited) can be found in other sections of this volume.

# GOVERNMENT OF CANADA

## Statement of Change in Net Debt for the Year Ended March 31, 2011

(in millions of dollars)

| | 2011 | | 2010 |
|---|---|---|---|
| | Budget (Note 2) | Actual | Actual |
| **NET DEBT AT BEGINNING OF YEAR** | **582,472** | **582,472** | **525,213** |
| **CHANGE IN NET DEBT DURING THE YEAR —** | | | |
| **ANNUAL DEFICIT** | **49,198** | **33,372** | **55,598** |
| **CHANGE DUE TO TANGIBLE CAPITAL ASSETS —** | | | |
| Acquisition of tangible capital assets | 8,185 | 8,061 | 7,136 |
| Amortization of tangible capital assets | -4,630 | -4,756 | -4,418 |
| Proceeds from disposal of tangible capital assets | -150 | -447 | -297 |
| Net loss on disposal of tangible capital assets, including adjustments | | -244 | -693 |
| ***TOTAL CHANGE DUE TO TANGIBLE CAPITAL ASSETS*** | ***3,405*** | ***2,614*** | ***1,728*** |
| **CHANGE DUE TO INVENTORIES** | | **638** | **-156** |
| **CHANGE DUE TO PREPAID EXPENSES** | **195** | **-46** | **300** |
| **NET INCREASE IN NET DEBT DUE TO OPERATIONS** | **52,798** | **36,578** | **57,470** |
| **OTHER COMPREHENSIVE INCOME (Notes 4 and 11)** | | **-2,142** | **-211** |
| **NET INCREASE IN NET DEBT** | **52,798** | **34,436** | **57,259** |
| **NET DEBT AT END OF YEAR** | **635,270** | **616,908** | **582,472** |

The accompanying notes are an integral part of these statements.
Details (unaudited) can be found in other sections of this volume.

# GOVERNMENT OF CANADA

## Statement of Cash Flow for the Year Ended March 31, 2011

(in millions of dollars)

| | 2011 | 2010 |
|---|---|---|
| **OPERATING ACTIVITIES —** | | |
| **ANNUAL DEFICIT** | **-33,372** | **-55,598** |
| **Items not affecting cash —** | | |
| Share of annual profit in enterprise Crown corporations and other government business enterprises | -6,992 | -2,306 |
| Amortization of tangible capital assets | 4,756 | 4,418 |
| Net loss on disposal of tangible capital assets, including adjustments | 244 | 693 |
| Change in taxes receivable | -9,563 | 2,848 |
| Change in pension and other future benefits | 7,271 | 6,850 |
| Change in foreign exchange accounts | -1,557 | 4,759 |
| Net change in other accounts | -2,452 | 884 |
| ***CASH USED BY OPERATING ACTIVITIES*** | ***-41,665*** | ***-37,452*** |
| **CAPITAL INVESTMENT ACTIVITIES —** | | |
| Acquisition of tangible capital assets | -8,061 | -7,136 |
| Proceeds from disposal of tangible capital assets | 447 | 297 |
| ***CASH USED BY CAPITAL INVESTMENT ACTIVITIES*** | ***-7,614*** | ***-6,839*** |
| **INVESTING ACTIVITIES —** | | |
| Enterprise Crown corporations and other government business enterprises — | | |
| Equity transactions | 2,818 | -3,226 |
| Issuance of loans and advances | -76,579 | -119,755 |
| Repayment of loans and advances | 76,677 | 99,921 |
| Issuance of other loans, investments and advances | -5,858 | -21,174 |
| Repayment of other loans, investments and advances | 5,814 | 16,620 |
| ***CASH PROVIDED OR USED (-) BY INVESTING ACTIVITIES*** | ***2,872*** | ***-27,614*** |
| ***TOTAL CASH USED BEFORE FINANCING ACTIVITIES*** | ***-46,407*** | ***-71,905*** |
| **FINANCING ACTIVITIES —** | | |
| Issuance of Canadian currency borrowings | 553,464 | 554,892 |
| Repayment of Canadian currency borrowings | -520,569 | -499,383 |
| Issuance of foreign currency borrowings | 8,195 | 22,212 |
| Repayment of foreign currency borrowings | -8,810 | -24,351 |
| ***CASH PROVIDED BY FINANCING ACTIVITIES*** | ***32,280*** | ***53,370*** |
| **NET DECREASE IN CASH** | **-14,127** | **-18,535** |
| ***CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR*** | ***28,450*** | ***46,985*** |
| ***CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 8)*** | ***14,323*** | ***28,450*** |
| **SUPPLEMENTARY INFORMATION** | | |
| Cash used for interest | 15,854 | 15,887 |

The accompanying notes are an integral part of these statements.
Details (unaudited) can be found in other sections of this volume.

# Notes to the Financial Statements of the Government of Canada

## 1. Summary of Significant Accounting Policies

### Reporting entity

The reporting entity of the Government of Canada includes all of the government organizations which comprise the legal entity of the Government as well as other government organizations, including Crown corporations, which are separate legal entities but are controlled by the Government. For financial reporting purposes, control is defined as the power to govern the financial and operating policies of an organization with benefits from the organization's activities being expected, or the risk of loss being assumed by the Government. All organizations defined as departments and as Crown corporations in the *Financial Administration Act* are included in the reporting entity. Other organizations not listed in the *Financial Administration Act* may also meet the definition of control and they are included in the Government's reporting entity if their revenues, expenses, assets or liabilities are significant.

The financial activities of all of these entities, except for enterprise Crown corporations and other government business enterprises, are consolidated in these financial statements on a line-by-line and uniform basis of accounting after eliminating significant inter-governmental balances and transactions. Enterprise Crown corporations and other government business enterprises, which are not dependent on the Government for financing their activities, are recorded under the modified equity method.

The Canada Pension Plan (the Plan), which includes the assets of the Plan under the administration of the Canada Pension Plan Investment Board, is excluded from the reporting entity because changes to the Plan require the agreement of two thirds of participating provinces and it is therefore not controlled by the Government.

### Basis of accounting

These financial statements are prepared using the Government's accounting policies stated below, which are based on Canadian public sector accounting standards. The presentation and results using the stated accounting policies do not result in any significant differences from Canadian public sector accounting standards.

### Revenues

The Government reports revenues on an accrual basis. Tax revenues are non-exchange transactions, which are generally derived from exchange transactions between third parties. They are recognized in the period in which the event that gave rise to the revenue takes place. Income tax revenue is recognized when the taxpayer has earned the income subject to the tax. Domestic goods and services tax revenue is recognized at the time of the sale of goods or the provision of services and is presented on the Statement of Operations and Accumulated Deficit net of tax credits. Excise duties revenue is recognized when the taxpayer manufactures goods taxable under the *Excise Act*. Excise taxes revenue is recognized when a taxpayer sells goods taxable under the *Excise Act*. Customs duties and goods and services tax revenue on imports is recognized when goods are authorized to enter Canada.

Tax revenues are measured from amounts assessed and from estimates of amounts not yet assessed based on cash received. Annual revenues also include adjustments between the estimated revenues of previous years and actual amounts, as well as revenues from reassessments relating to prior years. Revenues do not include estimates of unreported taxes, or the impact of future reassessments that can not yet be reliably determined.

Tax revenues that were not collected at year end and refunds that were not yet disbursed are reported respectively as taxes receivable and taxes payable on the Statement of Financial Position. These amounts also include other receivables and payables for amounts collected through the tax system such as provincial and territorial taxes, Employment Insurance premiums and Canada Pension Plan contributions.

Other revenues are recognized in the period to which they relate. Employment Insurance premiums are recognized as revenue in the period the insurable earnings are earned.

### Expenses

The Government reports expenses on an accrual basis. Expenses for Government operations are recorded when goods are received or services are rendered. Transfer payments are recorded as expenses when the recipient has met the eligibility criteria or fulfilled the terms of a contractual transfer agreement or, in the case of transactions which do not form part of an existing program, when the Government announces a decision to make a non-recurring transfer, provided the enabling legislation or authorization for payment receives parliamentary approval prior to the completion of the financial statements. Public debt charges are recorded when incurred and include interest, servicing costs and costs of issuing new borrowings and amortization of premiums and discounts on market debt.

Expenses include provisions to reflect changes in the value of assets or liabilities, including provisions for bad debt, loans, investments and advances, and inventory obsolescence. Expenses also include amortization of tangible capital assets and utilization of inventories and prepaid expenses.

### Cash and cash equivalents

Cash consists of public moneys on deposit and cash in transit less outstanding cheques and warrants. Cash equivalents consist mainly of term deposits usually not exceeding 31 days.

### Foreign exchange accounts

Short-term deposits, marketable securities and special drawing rights held in the foreign exchange accounts are recorded at cost. Marketable securities are adjusted for amortization of purchase discounts and premiums. Purchases and sales of securities are recorded at the settlement date. Transaction costs are expensed as incurred for all classes of financial instruments.

Investment income earned with respect to foreign accounts as well as write-downs to reflect other than temporary impairment in the fair value of securities are included in net foreign exchange revenues on the Statement of Operations and Accumulated Deficit. Canada's subscriptions to the capital of the International Monetary Fund and loans to the International Monetary fund are recorded at cost.

### Loans, investments and advances

Loans, investments and advances are initially recorded at cost and are adjusted to reflect the concessionary terms of loans made on a long-term, low interest or interest-free basis and the portion of loans expected to be repaid from future appropriations.

When necessary, an allowance for valuation is recorded to reduce the carrying value of loans, investments and advances to amounts that approximate their net realizable value.

For loans to national governments, including developing countries, the allowance is determined based on the identification and evaluation of countries that have formally applied for debt service relief, estimated probable losses that exist on the remaining portfolio, and changes in the economic conditions of sovereign debtors.

### Non-financial assets

The costs of acquiring land, buildings, equipment and other capital property are capitalized as tangible capital assets and, except for land, are amortized to expense over the estimated useful lives of the assets. For certain tangible capital assets where the costs are not readily available, such as older buildings, estimated current costs have been extrapolated retrospectively in a systematic and rational manner to approximate original costs. Assets acquired under capital leases are recorded at the present value of the minimum lease payments using the appropriate discount rate, which is usually the lower of the implicit interest rate in the lease or the Consolidated Revenue Fund term lending rate at the inception of the lease. These assets are amortized over the lease term or over the estimated useful life of the asset if the lease term contains terms that allow ownership to pass to the Government or a bargain purchase option. The corresponding lease obligations are recorded under unmatured debt on the Statement of Financial Position.

Tangible capital assets do not include immovable assets located on reserves as defined in the *Indian Act*, the cost of works of art and museum collections and Crown land to which no acquisition cost is attributable. Intangible assets are also not recognized in the financial statements.

Inventories are valued at cost and are comprised of spare parts and supplies held for future program delivery and not primarily intended for resale. Inventories that no longer have service potential are valued at the lower of cost or net realizable value. Items for which the costs are not readily available are valued using management's best estimate of original cost, based on available information.

Non-financial assets are not taken into consideration when determining the net debt of the Government, but rather are deducted from the net debt to determine the accumulated deficit.

### Unmatured debt

Unmatured debt consists of market debt, cross currency swap revaluations, the obligation related to capital leases and other unmatured debt. Market debt is recorded at face value and is adjusted by discounts and premiums which are amortized on a straight line basis over the term to maturity of the respective debt instrument. The corresponding amortization is recorded in public debt charges. The unamortized premium or discount arising on the buy back of bonds that are subsequently refinanced with similar debt with the intent of sustaining market liquidity is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter. The Government's holdings of its own securities, if any, are deducted from market debt to report the liability to external parties.

Cross currency swap revaluations consist of unrealized gains or losses due to fluctuations in the foreign exchange value of the cross currency swaps entered into by the Government.

The obligation related to capital leases represents the present values of the remaining minimum lease payments under the capital lease arrangement. The corresponding assets under capital lease are recorded under tangible capital assets on the Statement of Financial Position.

### Public sector pensions and other employee and veteran future benefits

Employee entitlements to pension benefits and to other employee and veteran future benefits are reported on an actuarial basis. This process is intended to determine the current value of future entitlements and uses various estimates. When actual experience varies from estimates, the adjustments are amortized over the estimated average remaining service lives of the employees.

### Contingent liabilities

Contingent liabilities, including the allowance for guarantees, are potential liabilities which may become actual liabilities when one or more future events occur or fail to occur. If the future event is likely to occur or fail to occur, and a reasonable estimate of the loss can be made, an estimated liability is accrued and an expense recorded. If the likelihood is not determinable or an amount cannot be reasonably estimated, the contingency is disclosed in the notes to the financial statements.

For guarantees, the amount of the allowance is estimated taking into consideration the nature of the guarantee, loss experience and current conditions. The allowance is reviewed on an ongoing basis and changes in the allowance are recorded as expenses in the year they become known.

### Environmental liabilities

Environmental liabilities consist of estimated costs related to the remediation of environmentally contaminated sites as well as estimated costs related to obligations associated with future asset restoration.

The liability for remediation of environmentally contaminated sites is accrued and an expense recorded based on management's best estimates when the contamination occurs or when the Government becomes aware of the contamination and is obligated, or is likely obligated to incur costs associated with remediation of the contaminated site. The liability reflects the present value of estimated cash flows required to remediate the sites to an acceptable condition according to the current minimum standard for federal use prior to contamination or for the intended federal use, whichever is less, where such amounts can be reasonably estimated.

The liability for future asset restoration costs is accrued and the related costs are capitalized and amortized over the associated asset's estimated useful life based on management's best estimates of the cost to meet obligations imposed by legislation, regulation and/or contractual agreements. The liability reflects the present value of estimated future cash flows required to restore the assets where amounts can be reasonably estimated and is expected to be settled as the related sites, facilities and/or assets are removed from service.

The recorded liabilities are adjusted each year for the passage of time, new obligations, changes in management estimates and actual costs incurred.

If the likelihood of the obligation is not determinable or if an amount cannot be reasonably estimated, the contingency is disclosed in the notes to the financial statements.

### Foreign currency translation

Transactions involving foreign currencies are translated into Canadian dollar equivalents using rates in effect at the time of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated using rates at March 31. Gains and losses resulting from foreign currency translation are reported on the Statement of Operations and Accumulated Deficit according to the activities to which they relate. Net gains and losses relating to the foreign exchange accounts, foreign debt, swap and foreign exchange forward agreement revaluations are presented with investment revenues from foreign exchange accounts under net foreign exchange revenues. Net gains and losses related to loans, investments and advances are presented with the return on investments from these loans, investments and advances under other program revenues. Net gains and losses relating to departmental sale or purchase of goods or services in foreign currency are reported in ministry expenses under other program expenses.

### Use of estimates and measurement uncertainty

The preparation of financial statements requires the Government to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. By their nature, these estimates are subject to measurement uncertainty. These are based on facts and circumstances available at the time estimates and assumptions are made, historical loss experience and general economic conditions. The effect of changes to such estimates and assumptions in future periods could be significant to the financial statements. Significant estimates in these financial statements affect the accrual of tax revenues and the related amounts receivable and payable, including the liabilities under provincial and territorial tax collection agreements, valuation allowances for loans, investments and advances, obligations for public sector pensions and other employee and veteran future benefits, contingent liabilities, environmental liabilities and transfer payments to other levels of government.

### Other comprehensive income or loss

Other comprehensive income or loss, resulting from the accounting of enterprise Crown corporations and other government business enterprises under the modified equity method, is excluded from the calculation of the Government's annual deficit and is recorded directly to the Government's accumulated deficit and net debt.

## 2. Spending and Borrowing Authorities

### *i. Spending authorities*

The authority of Parliament is required before moneys can be spent by the Government. Approvals are given in the form of annually approved limits through appropriation acts or through legislation in the form of statutory spending authority for specific purposes. The Government uses the full accrual method of accounting to prepare its Budget and present its current financial statements. However, the spending authorities voted by Parliament remain on an expenditure basis, which uses only a partial accrual method of accounting. During the year, expenditures were made under the following authorities:

| | (in millions of dollars) | |
|---|---|---|
| | 2011 | 2010 |
| Annual spending limits voted by Parliament | 104,281 | 97,630 |
| Expenditures permitted under other legislation | 141,948 | 138,602 |
| Total budgetary expenditures authorized | 246,229 | 236,232 |
| Less: amounts available for use in subsequent years and amounts that have lapsed, net of overexpended amounts | 13,234 | 11,271 |
| Total net expenditures | 232,995 | 224,961 |
| Effect of consolidation and full accrual accounting | 37,468 | 49,237 |
| Total expenses | 270,463 | 274,198 |

The use of budgetary expenditure authorities reported in the preceding table differs from the total expenses reported in the Statement of Operations and Accumulated Deficit. The difference is due to various factors. Spending authorities are presented on a partial accrual basis, while the Statement of Operations and Accumulated Deficit is prepared on a full accrual basis. The transactions of certain accounts with separate non-budgetary authorities and of certain Crown corporations or other controlled entities are consolidated in the financial statements but are not included in the budgetary expenditure authorities available for use. Transfer payments to organizations within the Government reporting entity are recorded against a budgetary expenditure authority in the year they are disbursed to the organization, but they are recorded as a consolidated expense only when they are disbursed to the ultimate recipient outside of the Government reporting entity. Provisions for valuation of assets and liabilities are also not included in spending authorities.

In addition to the authorities for budgetary expenditures, non-budgetary spending of $241,434 million ($306,204 million in 2010) was authorized for loans, investments and advances. A net amount of $74,390 million ($140,686 million in 2010) was used, an amount of $735 million ($36,587 million in 2010) lapsed and an amount of $166,309 million ($128,931 million in 2010) is available for use in subsequent years.

Details (unaudited) about the source and disposition of authorities and the details of ministerial expenditures are provided in Volume II of the *Public Accounts of Canada.*

### *ii. Over-expenditure of spending authorities*

During the year, the Hazardous Materials Information Review Commission Vote 30 was overspent by less than $100,000.

Details (unaudited) of this overexpended authority can be found in the ministerial sections of Volume II of the *Public Accounts of Canada*.

### *iii. Borrowing authorities*

The Government may borrow only on the authority of Parliament which is contained in Part IV of the *Financial Administration Act*. Section 43.1 of the *Financial Administration Act* empowers the Governor in Council to authorize the Minister of Finance to borrow money on behalf of Her Majesty in right of Canada. In 2011, the Governor in Council specified $300,000 million ($370,000 million in 2010) to be the maximum aggregate amount of principal that may be borrowed during the fiscal year. The maximum aggregate amount of principal is the sum of *i)* the maximum stock of treasury bills anticipated to be outstanding during the year, *ii)* the total value of refinanced and anticipated new issuances of marketable bonds and retail debt and *iii)* an amount to facilitate intra-year management of the debt and foreign exchange reserves. During the year, $263,215 million ($289,521 million in 2010) of the borrowing authority was used.

### *iv. Source of budget amounts*

The budget amounts included in the Statement of Operations and Accumulated Deficit and the Statement of Change in Net Debt are derived from the amounts that were originally budgeted for 2011 in the March 2010 Budget Plan (Budget 2010). Budget 2010 amounts have been restated to reflect the reclassification of Canadian Commercial Corporation from an enterprise Crown corporation to a consolidated Crown corporation in 2009-2010. This restatement has resulted in a $1,500 million increase in both budgeted Crown corporation revenues and Crown corporation expenses, with no overall impact on the 2010-2011 annual deficit. In addition, since actual opening numbers of the accumulated deficit and net debt were not available at the time of preparation of Budget 2010, the corresponding amounts in the budget column have been adjusted to the actual closing numbers of the previous year.

## 3. Expenses

Expenses in the Statement of Operations and Accumulated Deficit include:

### *i. Major transfer payments to other levels of government*

| | (in millions of dollars) | |
|---|---|---|
| | 2011 | 2010 |
| Canada health transfer | 26,031 | 24,820 |
| Canada social transfer | 11,179 | 10,858 |
| Fiscal arrangements | 17,577 | 16,789 |
| Other major transfers | 1,935 | 7,822 |
| Quebec abatement [1] | -3,751 | -3,299 |
| Total major transfer payments to other levels of government | 52,971 | 56,990 |

Certain comparative figures have been reclassified to conform to the current year's presentation.

Details (unaudited) can be found in Section 3 of this volume and in Section 1 of Volume II of the *Public Accounts of Canada*.

[1] These amounts represent recoveries of the Quebec Abatement which is comprised of federal tax abated under the Alternative Payments for Standing Programs and the Youth Allowance Program of that province.

### *ii. Public debt charges*

| | (in millions of dollars) | |
|---|---|---|
| | 2011 | 2010 |
| Public debt charges related to unmatured debt — | | |
| Interest on unmatured debt | 14,820 | 14,023 |
| Amortization of discounts on Canada and Treasury Bills | 1,312 | 1,229 |
| Amortization of premiums and discounts on all other debts | 1,985 | 1,721 |
| Cross currency swap revaluation | -473 | -438 |
| Servicing costs and costs of issuing new borrowings | 17 | 32 |
| Capital lease obligations | 219 | 228 |
| Total | 17,880 | 16,795 |
| Interest expense related to pension and future benefits | 12,699 | 12,343 |
| Other liabilities | 292 | 276 |
| Total public debt charges | 30,871 | 29,414 |

Details (unaudited) can be found in Section 3 of this volume.

### *iii. Total expenses by segment*

The Government has defined the segments as the Ministries and Crown corporations and other entities. Additional segmented information is provided in Note 17. The following table presents the total expenses by segment after the elimination of internal transactions:

| | (in millions of dollars) | |
|---|---|---|
| | 2011 | 2010 |
| Ministries — | | |
| Agriculture and Agri-Food | 3,616 | 3,234 |
| Atlantic Canada Opportunities Agency | 351 | 377 |
| Canada Revenue Agency | 17,771 | 17,223 |
| Canadian Heritage | 1,687 | 2,291 |
| Citizenship and Immigration | 1,709 | 1,663 |
| Economic Development Agency of Canada for the Regions of Quebec | 396 | 343 |
| Environment | 1,757 | 1,838 |
| Finance | 84,057 | 85,447 |
| Fisheries and Oceans | 1,853 | 1,885 |
| Foreign Affairs and International Trade | 6,042 | 12,268 |
| Governor General | 20 | 19 |
| Health | 5,261 | 6,159 |
| Human Resources and Skills Development | 65,786 | 66,068 |
| Indian Affairs and Northern Development | 7,957 | 9,151 |
| Industry | 6,033 | 6,179 |
| Justice | 1,483 | 1,541 |
| National Defence | 21,575 | 21,137 |
| Natural Resources | 5,209 | 3,544 |
| Parliament | 556 | 581 |
| Privy Council | 380 | 359 |
| Public Safety and Emergency Preparedness | 9,960 | 9,951 |
| Public Works and Government Services | 2,700 | 2,792 |
| Transport | 7,626 | 5,532 |
| Treasury Board | 2,379 | 2,501 |
| Veterans Affairs | 1,009 | 1,024 |
| Western Economic Diversification | 458 | 408 |
| Provision for valuation and other items | 1,808 | -335 |
| Total ministries | 259,439 | 263,180 |
| Crown corporations and other entities | 11,024 | 11,018 |
| Total expenses | 270,463 | 274,198 |

Details (unaudited) providing total expenses by segment and type can be found in Section 3 of this volume.

### *iv. Total expenses by type of resource used in operations*

The Statement of Operations and Accumulated Deficit and the previous table present a breakdown of expenses by segment, which represent the expenses incurred for each of the main functions of the Government. The following table presents the detail of these expenses by main objects of expense:

| | (in millions of dollars) | |
|---|---|---|
| Objects of expense | 2011 | 2010 |
| Transfer payments | 157,926 | 165,461 |
| Other program expenses — | | |
| Crown corporations (1) | 10,154 | 9,873 |
| Personnel | 42,297 | 41,009 |
| Transportation and communications | 2,870 | 3,098 |
| Information | 275 | 347 |
| Professional and special services | 7,903 | 8,148 |
| Rentals | 1,736 | 1,892 |
| Repair and maintenance | 3,138 | 3,205 |
| Utilities, materials and supplies | 2,799 | 3,117 |
| Other subsidies and expenses | 5,656 | 3,799 |
| Amortization of tangible capital assets | 4,756 | 4,418 |
| Net loss on disposal of assets | 82 | 417 |
| Total other program expenses | 81,666 | 79,323 |
| Total program expenses | 239,592 | 244,784 |
| Public debt charges | 30,871 | 29,414 |
| Total expenses | 270,463 | 274,198 |

Details (unaudited) reconciling objects of expense to objects of expenditure can be found in Section 3 of this volume and details (unaudited) on ministerial expenditures by object can be found in Section 1 of Volume II of the *Public Accounts of Canada*.

(1) This amount differs from the expense shown on the Statement of Operations and Accumulated Deficit due to the amortization of tangible capital assets and the net loss on disposal of assets of consolidated Crown corporations, which have been reclassified within their respective object of expense.

### *v. Significant transactions*

#### *Financial assistance to General Motors*

In fiscal year 2009-2010, the Governments of Canada and Ontario entered into agreements to provide financial assistance to General Motors in the form of loans, a portion of which was subsequently exchanged for shares. Ontario contributed one-third of the assistance and proportionally participates with the Government in any future economic benefit or loss resulting from these transactions. A liability to Ontario representing its one-third proportionate participation in the value of the financial assistance provided to the automaker has been recorded on the Statement of Financial Position.

On November 1, 2010, General Motors completed a three-for-one stock split on its common shares, resulting in a change in the Government's share ownership from approximately 58 million shares to approximately 175 million common shares. Following the stock split, the automaker conducted an initial public offering on November 18, 2010. In conjunction with the initial public offering, the Government sold approximately 35 million shares at $33 US per share, resulting in a realized gain of $424 million, net of Ontario's portion, recorded in other revenues on the Statement of Operations and Accumulated Deficit.

The remaining 140 million common shares, which are held by an enterprise Crown corporation, are adjusted to fair value at each period end with the unrealized gain or loss recorded as other comprehensive income or loss on the Statement of Operations and Accumulated Deficit. The obligation to Ontario is adjusted for changes in fair value with changes recorded as a transfer payments expense.

At March 31, 2011, the common shares were valued at $4,041 million, reflecting an unrealized gain of $1,897 million. The obligation to Ontario related to its one-third participation in the General Motors common shares was valued at $1,347 million, resulting in an increase in the annual deficit of $632 million. The overall impact on the annual deficit as a result of General Motors common shares transactions for the year was a net increase to the annual deficit of $208 million.

## 4. Accumulated Deficit

The Government includes in its revenues and expenses, the transactions of consolidated Crown corporations and other entities controlled by the Government, and of certain accounts established for specified purposes. Legislation requires that revenues received for purposes specified in the legislation be credited to these accounts and that related payments be charged to the accounts. Any deficiency of payments over revenues must be met through future revenues or transfers credited to these accounts. The following table shows the balance of these consolidated accounts and the equity of the consolidated Crown corporations and other entities included in the accumulated deficit:

| | (in millions of dollars) | |
|---|---|---|
| | 2011 | 2010 |
| Accumulated deficit, excluding consolidated specified purpose accounts and accumulated other comprehensive income | 549,943 | 518,929 |
| Consolidated specified purpose accounts — | | |
| Employment Insurance Operating Account | 7,397 | 4,936 |
| Other insurance accounts | -485 | -444 |
| Other consolidated accounts | -316 | -344 |
| | 556,539 | 523,077 |
| Consolidated Crown corporations and other entities | -3,664 | -3,574 |
| Accumulated other comprehensive income | -2,548 | -406 |
| Accumulated deficit | 550,327 | 519,097 |

Details (unaudited) can be found in Section 4 of this volume.

### *Accumulated other comprehensive income*

For enterprise Crown corporations and other government business enterprises recorded under the modified equity method, certain unrealized gains and losses on financial instruments are recorded as other comprehensive income and are excluded from the calculation of profit or loss until realized. These unrealized gains and losses result from a change in market value of financial assets classified as available-for-sale or derivative instruments used in hedging activities.

Other comprehensive income is also excluded from the calculation of the Government's annual deficit. It is instead recorded directly against the Government's accumulated deficit. Upon realization of these gains and losses, the associated amounts are recorded in the profit or loss of enterprise Crown corporations and other government business enterprises and, therefore, reflected in the Government's annual deficit.

The following table presents the different components of other comprehensive income as well as accumulated other comprehensive income included in the Government's accumulated deficit:

| | (in millions of dollars) | |
|---|---|---|
| | 2011 | 2010 |
| Accumulated other comprehensive income at beginning of year | 406 | 195 |
| Other comprehensive income — | | |
| Net change in unrealized gains on available-for-sale financial instruments | 2,156 | 414 |
| Net change in fair value of derivatives designated as hedges | -14 | -203 |
| Total | 2,142 | 211 |
| Accumulated other comprehensive income at end of year | 2,548 | 406 |

## 5. Unmatured Debt

Unmatured debt includes:

| | (in millions of dollars) | |
|---|---|---|
| | 2011 | 2010 |
| Market debt — | | |
| Payable in Canadian currency | 589,228 | 556,118 |
| Payable in foreign currencies | 7,628 | 8,243 |
| Total | 596,856 | 564,361 |
| Cross currency swap revaluation | -5,091 | -4,233 |
| Unamortized discounts and premiums on market debt | -4,485 | -5,092 |
| Obligation related to capital leases | 3,685 | 4,090 |
| Other unmatured debt | 190 | |
| Total unmatured debt | 591,155 | 559,126 |

Unamortized discounts result from Treasury bills and Canada bills which are issued at a discount in lieu of interest. Discounts or premiums also result from the Government's bond buy back program and from issuance of market debt when the face value of the instrument issued differs from the proceeds received. The unamortized portion represents the amount of premium and discount that has not yet been recorded to public debt charges.

### *i. Market Debt*

The following table presents the contractual maturity of debt issues and interest rates by currency and type of instrument at gross value (in Canadian $) and the effective average annual interest rates including swaps on foreign currency bonds and notes as at March 31, 2011:

| | (in millions of dollars) | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Marketable bonds | | | | | | | |
| Maturing year | CAD | USD | Euro | Treasury bills | Retail debt [1] | Bonds for Canada Pension Plan | Canada bills USD | Total |
| 2012 | 41,467 | | | 163,000 | 664 | 16 | 1,972 | 207,119 |
| 2013 | 74,200 | | | | 1,127 | 11 | | 75,338 |
| 2014 | 43,008 | | | | 1,070 | | | 44,078 |
| 2015 | 38,304 | 2,909 | | | 656 | | | 41,869 |
| 2016 | 30,942 | | | | 580 | | | 31,522 |
| 2017 and subsequent | 188,490 | 51 | 2,749 | | 6,044 | | | 197,334 |
| | 416,411 | 2,960 | 2,749 | 163,000 | 10,141 | 27 | 1,972 | 597,260 |
| Less: Government holdings of unmatured debt and consolidated adjustment [2] | 331 | 53 | | 20 | | | | 404 |
| Total market debt | 416,080 | 2,907 | 2,749 | 162,980 | 10,141 | 27 | 1,972 | 596,856 |
| Nature of interest rate [3] | Fixed [4] | Fixed | Fixed | Variable | Variable | Fixed | Variable | |
| Effective weighted average annual interest rates including swaps on foreign currency bonds and notes | 3.56 | 2.49 | 3.50 | 1.12 | 1.10 | 9.69 | 0.15 | |
| Range of interest rates | 1.00 - 11.25 | 2.38 - 9.70 | 3.50 | 0.92 - 1.46 | 0.40 - 3.05 | 9.17 - 10.04 | 0.02 - 0.30 | |

Details (unaudited) can be found in Section 6 of this volume.

[1] Includes $5,958 million of Canada savings bonds having fixed dates of maturity which are redeemable on demand.

[2] Includes $574 million of securities held for cancellation, $53 million of securities held for the retirement of unmatured debt, $102 million of securities held by consolidation Crown corporations and other entities and $325 million of borrowings by consolidated agent Crown corporations.

[3] Debt with terms to maturity of less than one year is considered to have a variable interest rate. For marketable bonds and foreign currency notes, some of the fixed interest rates were converted into variable interest rates through swap agreements.

[4] Includes real return bonds which have a variable component based on the consumer price index.

### *ii. Obligation related to capital leases*

The total obligation related to capital leases as at March 31, 2011 is $3,685 million ($4,090 million in 2010). Interest on this obligation of $219 million ($228 million in 2010) is reported in the Statement of Operations and Accumulated Deficit as part of public debt charges. Future minimum lease payments are summarized as follows:

| Year | (in millions of dollars) |
|---|---|
| 2012 | 477 |
| 2013 | 434 |
| 2014 | 455 |
| 2015 | 385 |
| 2016 | 363 |
| 2017 and subsequent | 3,744 |
| Total minimum lease payments | 5,858 |
| Less: imputed interest at the average discount rate of 5.73 percent | 2,173 |
| Obligation related to capital leases | 3,685 |

Details (unaudited) can be found in Section 6 of this volume.

## 6. Public Sector Pensions and Other Employee and Veteran Future Benefits

### *i. Pension benefits - overview of the plans*

The Government sponsors defined benefit pension plans covering substantially all the employees of the public service, as well as certain Public Service corporations as defined in the *Public Service Superannuation Act* and Territorial governments, members of the Canadian Forces including the Reserve Force, members of the Royal Canadian Mounted Police, federally appointed judges and Members of Parliament, including Senators. In this note, the term "employees" is used in a general manner to apply to plan members of all of these groups.

The public service, Canadian Forces – Regular Force and Royal Canadian Mounted Police pension plans represent the three main public sector pension plans. For these plans, pension benefits generally accrue up to a maximum period of 35 years at a rate of two percent per year of pensionable service multiplied by the average of the best five consecutive years of earnings. Benefits are coordinated with Canada/Quebec Pension Plan benefits and are indexed to inflation. Pension benefits under the Reserve Force pension plan accrue based on total pensionable service and pensionable earnings over the service period. Basic allowances provided under the Members of Parliament retiring allowances plan accrue at a rate of three percent per year of pensionable service multiplied by the average of the best five years of sessional indemnity. Pension benefits for federally appointed judges do not have an explicit accrual rate. Instead, they become payable once the member has completed 15 years of pensionable service and the sum of the member's age and years of service equals 80 or more.

The Government has a statutory obligation for the payment of all these pension benefits even though most of the pension plans are unfunded.

The plans are generally financed from employee and employer contributions, as well as investment earnings and interest credits. Pursuant to federal public sector pension legislation, an amount equal to contributions less benefit payments and other charges related to post March 2000 service that falls within the *Income Tax Act* limits for the three main public sector pension plans and all service for the Reserve Force pension plan, is invested in capital markets through the Public Sector Pension Investment Board (PSP Investments). Other amounts of contributions less benefit payments and other charges pertaining to the pre April 2000 service for the three main public sector pension plans and amounts for all service periods for the federally appointed judges and Members of Parliament pension plans, are recorded in pension accounts within the accounts of Canada pursuant to pension legislation, but are not invested. The details (unaudited) of these Accounts can be found in Section 6 of this volume.

The following table presents a summary of pension contributions and benefit payments in the year:

| | (in millions of dollars) | | | | | |
|---|---|---|---|---|---|---|
| | 2011 | | | 2010 | | |
| | Funded plans | Others | Total | Funded plans | Others | Total |
| Contributions — | | | | | | |
| Employees | 1,956 | 67 | 2,023 | 1,922 | 71 | 1,993 |
| Public Service corporations and Territorial governments | 229 | 14 | 243 | 204 | 11 | 215 |
| Government | 3,630 | 199 | 3,829 | 3,653 | 198 | 3,851 |
| Total | 5,815 | 280 | 6,095 | 5,779 | 280 | 6,059 |
| Benefits paid | 823 | 7,772 | 8,595 | 654 | 7,609 | 8,263 |

Details (unaudited) can be found in Section 6 of this volume.

### *ii. Other future benefits – overview of the plans*

The Government sponsors a variety of other employee and veteran future benefit plans from which employees and former employees can benefit, during or after employment or upon retirement. The cost of these benefits accrues either as employees render service or upon the occurrence of an event resulting in eligibility for benefits under the terms of the plans. The Government is liable for future payments for disability and other benefits paid to war veterans, current and retired members of the Canadian Forces and the Royal Canadian Mounted Police and survivors and dependants of these groups. Other significant future benefits include health care and dental plans available to retired employees and their dependants, severance benefits, and workers' compensation benefits.

All of these plans are unfunded. The health care and dental plans for retired employees are contributory plans, whereby contributions by retired plan members are made in the years in which the benefits are payable. These contributions amounted to $143 million in 2011 ($127 million in 2010). The Government's costs and benefits paid are presented net of these contributions.

### *iii. Future benefits liability*

The pensions and other future benefits liability includes the following components:

| | (in millions of dollars) | | | |
|---|---|---|---|---|
| | Pensions | | Other future benefits | |
| | 2011 | 2010 | 2011 | 2010 |
| Accrued benefit obligation | 213,341 | 201,413 | 74,492 | 71,391 |
| Less: Pension assets — | | | | |
| Market related value of investments | 53,471 | 44,893 | | |
| Contributions receivable from employees for past service | 537 | 513 | | |
| Total | 54,008 | 45,406 | | |
| | *159,333* | *156,007* | *74,492* | *71,391* |
| Unamortized estimation adjustments | -13,198 | -13,164 | -16,286 | -17,164 |
| Future benefits liability | 146,135 | 142,843 | 58,206 | 54,227 |

Details (unaudited) can be found in Section 6 of this volume.

### *(a) Pension assets*

Pension assets include investments held by PSP Investments and contributions receivable from employees for past service buy back elections. The investments are valued at market related value and contributions receivable for past service are discounted to approximate their fair value.

The market related value of investments is established on the basis of an expected rate of return on investments, whereby the fluctuations between the market value and expected market value are included in estimation adjustments over a five-year period provided that the market related value of investments remains within a limit of plus or minus 10 percent of the market value. When market related value exceeds the limit, the excess amount is included immediately in estimation adjustments. At March 31, 2011, the market value of the investments is $58,013 million ($46,270 million in 2010).

### *iv. Future benefits expense*

The pensions and other future benefits expense includes the following components:

| | (in millions of dollars) | | | |
|---|---|---|---|---|
| | Pensions | | Other future benefits | |
| | 2011 | 2010 | 2011 | 2010 |
| Benefits expense — | | | | |
| Benefits earned, net of employee contributions | 3,983 | 3,471 | 2,089 | 2,263 |
| Amortization of estimation adjustments | 1,226 | 1,064 | 2,228 | 3,007 |
| Plan amendments | | | 1,066 | -254 |
| Plan curtailments | | | -8 | |
| Recognition of net unamortized gains (-) or losses | | | -152 | 445 |
| Total | 5,209 | 4,535 | 5,223 | 5,461 |
| Interest expense — | | | | |
| Interest on average accrued benefit obligation | 12,469 | 11,878 | 2,988 | 2,566 |
| Expected return on average market related value of investments | -2,758 | -2,101 | | |
| Total | 9,711 | 9,777 | 2,988 | 2,566 |
| Total future benefits expense | 14,920 | 14,312 | 8,211 | 8,027 |

Details (unaudited) can be found in Section 6 of this volume.

#### *(a) Plan amendments*

In 2011, amendments were made to veteran future benefit programs expanding eligibility for certain allowances provided to injured veterans and providing access to all veteran benefit programs for veterans suffering from amyotrophic lateral sclerosis (ALS). These amendments resulted in a net one-time past service cost of $1,034 million and the immediate recognition of net unamortized estimation adjustment gains of $316 million. In addition, as part of collective agreement negotiations with certain employee groups, an amendment to the employee severance pay program was agreed upon resulting in a one-time past service cost of $32 million.

In 2010, amendments to veteran future benefits and pensioner dental benefits resulted in a net one-time past service cost reduction of $254 million and the immediate recognition of accelerated amortization of net unamortized estimation adjustment losses of $445 million.

#### *(b) Plan curtailments*

In 2011, as part of collective agreement negotiations with certain employee groups, the accumulation of severance benefits under the employee severance pay program will cease for these employees beginning in 2012. Employees subject to these changes will be given the option to be immediately paid the full or partial value of benefits earned to date or collect the full or remaining value of benefits on termination from the public service. The impact of the curtailment is a one-time past service cost reduction of $8 million. In addition, the plan curtailment required the immediate recognition of net unamortized estimation adjustment losses of $164 million, representing the portion of unamortized estimation adjustments related to the obligation for employees subject to the curtailment.

#### *(c) Interest expense*

The interest expense calculated on the average accrued benefit obligation for the year is reported as part of public debt charges. It is presented net of the expected return on the average market related value of pension investments for the year. During the year, the actual rate of return of pension investments calculated on a time-weighted basis was 14.5 percent (21.5 percent in 2010).

### v. *Change in accrued benefit obligation and market related value of pension investments*

The changes in the accrued benefit obligation and in the market related value of pension investments during the year were as follows:

| | (in millions of dollars) | | | |
|---|---|---|---|---|
| | Pensions | | Other future benefits | |
| | 2011 | 2010 | 2011 | 2010 |
| Accrued benefit obligation at beginning of year | 201,413 | 190,280 | 71,391 | 79,947 |
| Benefits earned | 6,226 | 5,653 | 2,089 | 2,263 |
| Interest on average accrued benefit obligation | 12,469 | 11,878 | 2,988 | 2,566 |
| Benefits paid | -8,595 | -8,263 | -4,178 | -4,063 |
| Administrative expenses | -163 | -162 | -54 | -48 |
| Net transfers to other plans | -299 | -156 | | |
| Plan amendments | | | 1,066 | -254 |
| Plan curtailments | | | -8 | |
| Actuarial losses or gains (-) | 2,290 | 2,183 | 1,198 | -9,020 |
| Accrued benefit obligation at end of year | 213,341 | 201,413 | 74,492 | 71,391 |
| Market related value of investments at beginning of year | 44,893 | 37,155 | | |
| Expected return on average market related value of investments | 2,758 | 2,101 | | |
| Contributions | 5,815 | 5,779 | | |
| Benefits, transfers and others | -1,001 | -800 | | |
| Actuarial gains | 1,006 | 658 | | |
| Market related value of investments at end of year | 53,471 | 44,893 | | |

### vi. *Actuarial valuations and assumptions*

Actuarial valuations of the pension plans are performed at least every three years for funding purposes. The most recent valuations for the public service and Royal Canadian Mounted Police pension plans were conducted as at March 31, 2008, while the valuations for the Canadian Forces – Regular and Reserve Forces, Members of Parliament and the federally appointed judges' pension plans were conducted as at March 31, 2010.

Valuations for pensions and other future benefits, except for the veteran future benefits, are updated annually for accounting purposes based on the most recent or any in-progress triennial valuation. The valuation for the veteran future benefits is performed every year for accounting purposes.

Valuations are prepared using the projected benefit method prorated on service, except for the veteran future benefits and workers' compensation valuations, where benefits are accrued on an event driven basis. Assumptions required for this process include, among others, estimates of future inflation, interest rates, expected return on investments, general wage increases, work-force composition, retirement rates and mortality rates. These assumptions and others are based on the Government's best estimates. Actual experience which varies from these assumptions or changes in assumptions will result in estimation adjustments. These adjustments are amortized over the estimated average remaining service lives of plan members, which represent periods ranging from 5 to 23 years (5 to 23 years in 2010) according to the plan in question.

The assumptions for the long-term rate of inflation and long-term general wage increase used in the accounting valuations of all the plans are 2.0 percent and 2.9 percent respectively (2.0 percent and 2.9 percent in 2010). The discount rates used to value the accrued benefit obligation and the corresponding assumptions used in the cost of current service and in the interest expense are as follows:

| | 2011 | | | 2010 | | |
|---|---|---|---|---|---|---|
| | Accrued benefit obligation valuation | | Expense valuation | Accrued benefit obligation valuation | | Expense valuation |
| | Initial | Ultimate | | Initial | Ultimate | |
| Discount rates - pensions — | | | | | | |
| Expected rates of return on investments | 6.2% | 6.2% | 5.8% | 5.8% | 6.3% | 5.3% |
| Expected weighted average of long-term bond rates | 6.0% | 5.0% | 6.5% | 6.5% | 5.1% | 6.8% |
| Discount rates - other future benefits — | | | | | | |
| Expected long-term bond rates | 4.0% | 5.0% | 4.3% | 4.3% | 5.0% | 3.3% |
| Cost increase rates - health care — | | | | | | |
| Expected health care cost increase rates | 8.0% | 3.5% | 8.3% | 8.3% | 3.5% | 8.3% |
| Expected year to achieve ultimate rate | | 2025 | | | 2024 | |

Changes in assumptions can result in significantly higher or lower estimates of the accrued benefit obligation. The following table illustrates the possible impact of a one percent change in the main assumptions:

| | (in millions of dollars) | | | |
|---|---|---|---|---|
| | Pensions | | Other future benefits | |
| | 2011 | 2010 | 2011 | 2010 |
| Possible impact on the accrued benefit obligation due to: | | | | |
| Increase of one percent in discount rate | -27,300 | -25,700 | -9,800 | -9,200 |
| Decrease of one percent in discount rate | 34,600 | 32,600 | 12,800 | 12,000 |
| Increase of one percent in inflation rate | 26,600 | 25,000 | 12,100 | 10,700 |
| Decrease of one percent in inflation rate | -22,000 | -20,600 | -9,400 | -8,300 |
| Increase of one percent in general wage increase | 5,700 | 5,400 | 700 | 600 |
| Decrease of one percent in general wage increase | -5,000 | -4,800 | -600 | -500 |
| Increase of one percent in health care cost increase | | | 4,500 | 4,100 |
| Decrease of one percent in health care cost increase | | | -3,400 | -3,100 |

## 7. Other Liabilities

Other liabilities include:

| | (in millions of dollars) | |
|---|---|---|
| | 2011 | 2010 |
| Due to Canada Pension Plan | 23 | 175 |
| Others — | | |
| Government Annuities Account | 222 | 243 |
| Deposit and trust accounts | 2,311 | 2,202 |
| Other specified purpose accounts | 3,759 | 3,967 |
| | 6,292 | 6,412 |
| Total other liabilities | 6,315 | 6,587 |

### *i. Due to Canada Pension Plan*

As explained in Note 1, the financial activities of the Canada Pension Plan are not included in these financial statements.

The Plan is a federal/provincial social benefit program providing compulsory and contributory social insurance and is administered by the Government of Canada. It operates in all parts of Canada, except for the Province of Quebec, which has a comparable program. Payments of pensions and benefits from the Plan are financed through contributions received from employers, employees and self-employed persons, and from income earned on investments. As administrator, the Government's authority to provide benefits is limited to the net assets of the Plan. At March 31, 2011, the fair value of the Plan's net assets is $151,601 million ($131,420 million in 2010).

The Canada Pension Plan Account (the Account) was established in the accounts of Canada to record the transactions of the Plan, as well as the amounts transferred to or received from the Canada Pension Plan Investment Board. The Plan's deposit with the Receiver General for Canada of $23 million ($175 million in 2010) corresponds to the balance in the Account and is reported as the Government's liability to the Plan at March 31, 2011.

Details (unaudited) and the audited financial statements of the Plan can be found in Section 6 of this volume.

### *ii. Others*

Deposit and trust accounts is a group of liabilities representing the Government's financial obligations in its role as administrator of certain funds that it has received or collected for specified purposes and that it will pay out accordingly. To the extent that the funds received are represented by securities, these are deducted from the corresponding accounts to show the Government's net liability. Certain accounts earn interest which is charged to interest on the public debt. The largest Deposit and Trust accounts are the Indian band funds in the amount of $1,092 million ($1,026 million in 2010). This account was established to record funds belonging to Indian bands throughout Canada pursuant to the *Indian Act*.

Other specified purpose accounts are liability accounts that are used to record transactions made under authorities obtained from Parliament through either the *Financial Administration Act* or other specific legislation. Certain accounts earn interest which is charged to interest on the public debt. The largest other specified purpose account is the Public Service Death Benefit Account for a total of $2,961 million ($2,829 million in 2010). This account was established under the *Public Service Superannuation Act*, to provide life insurance to contributing members of the Public Service.

Details (unaudited) of the other accounts can be found in Section 6 of this volume.

## 8. Cash and Cash Equivalents

Cash and cash equivalents are as follows:

| | (in millions of dollars) | |
|---|---|---|
| | 2011 | 2010 |
| Cash | 5,584 | 16,871 |
| Cash equivalents | 8,739 | 11,579 |
| Total cash and cash equivalents | 14,323 | 28,450 |

Details (unaudited) can be found in Section 7 of this volume.

## 9. Taxes and Other Accounts Receivable

Taxes receivable represent tax revenues that were assessed by year end as well as amounts receivable due to the accrual of tax revenues as at March 31. These accrued receivables are not due until the next fiscal year. They also include other receivables for amounts collected through the tax system such as provincial and territorial taxes, Employment Insurance premiums and Canada Pension Plan contributions.

The Government has established an allowance for doubtful accounts of $10,987 million ($9,990 million in 2010) based on aging and a review of individually large receivable balances and has recorded a bad debt expense of $3,333 million ($2,873 million in 2010), which is charged against other program expenses. The details of the taxes receivable and allowance for doubtful accounts are as follows:

| | (in millions of dollars) | | | | | |
|---|---|---|---|---|---|---|
| | 2011 | | | 2010 | | |
| | Total taxes receivable | Allowance for doubtful accounts | Net | Total taxes receivable | Allowance for doubtful accounts | Net |
| Income taxes receivable — | | | | | | |
| Individuals | 43,207 | 5,459 | 37,748 | 40,303 | 4,925 | 35,378 |
| Employers | 16,321 | 999 | 15,322 | 15,010 | 822 | 14,188 |
| Corporations | 11,623 | 1,753 | 9,870 | 10,714 | 1,849 | 8,865 |
| Non-residents | 988 | 127 | 861 | 1,183 | 142 | 1,041 |
| Goods and services tax receivable | 15,323 | 2,590 | 12,733 | 9,958 | 2,188 | 7,770 |
| Customs duties receivable | 239 | 8 | 231 | 190 | 23 | 167 |
| Excise taxes and duties receivable | 1,912 | 51 | 1,861 | 1,695 | 41 | 1,654 |
| Total | 89,613 | 10,987 | 78,626 | 79,053 | 9,990 | 69,063 |

Details (unaudited) can be found in Section 7 of this volume.

Other accounts receivable represent billed or accrued financial claims arising from amounts owed to the Government at year end. Total other accounts receivable amount to $5,459 million ($5,036 million in 2010) and are presented net of an allowance for doubtful accounts of $1,501 million ($1,344 million in 2010). Further details (unaudited) can be found in Section 7 of this volume.

## 10. Foreign Exchange Accounts

Foreign exchange accounts represent financial claims and obligations of the Government as a result of Canada's foreign exchange operations.

The Government holds certain investments in its Exchange Fund Account to provide general liquidity and to promote orderly conditions in the foreign exchange market for the Canadian dollar. As at March 31, 2011, the fair value of the marketable securities held in the Exchange Fund Account is $45,001 million ($45,423 million in 2010). Further details on these investments are provided in the audited financial statements of the Exchange Fund Account in Section 8 of this volume.

Subscriptions and loans to the International Monetary Fund (IMF) and special drawing rights allocations are denominated in special drawing rights (SDR). The SDR serves as the unit of account for the IMF and its value is based on a basket of key international currencies. Loans outstanding were provided under a temporary bi-lateral borrowing agreement with the IMF. This agreement provides for maximum direct lending of up to $10,000 million US and expires in July 2013. Canada also participates in two multi-lateral lending arrangements with the IMF along with a group of other member countries. Collectively, maximum direct lending under the temporary bilateral agreement and the multi-lateral arrangements is limited to no more than the equivalent of SDR 8,517 million ($13,093 million at March 31, 2011).

The following table presents the balances of the foreign exchange accounts:

| | (in millions of dollars) | |
|---|---|---|
| | 2011 | 2010 |
| International reserves held in the Exchange Fund Account — | | |
| Cash and cash equivalents — | | |
| US dollars | 228 | 226 |
| Euros | 79 | 175 |
| Japanese yen | 7 | 91 |
| Total | 314 | 492 |
| Marketable securities — | | |
| US dollars | 26,797 | 24,478 |
| Euros | 17,762 | 19,442 |
| Japanese yen | 116 | 217 |
| Total | 44,675 | 44,137 |
| Special drawing rights | 9,046 | 9,066 |
| Gold | 6 | 6 |
| Total | 54,041 | 53,701 |
| International Monetary Fund — | | |
| Subscriptions | 9,792 | 9,823 |
| Loans | 1,139 | 337 |
| Total | 64,972 | 63,861 |
| Less: | | |
| International Monetary Fund — | | |
| Notes payable | 7,260 | 7,676 |
| Special drawing rights allocations | 9,205 | 9,235 |
| Total | 16,465 | 16,911 |
| Total foreign exchange accounts | 48,507 | 46,950 |

Details (unaudited) can be found in Section 8 of this volume.

## 11. Crown Corporations and Other Entities

There are 43 parent Crown corporations (42 in 2010) included in the reporting entity of the Government. There are also a number of not-for-profit organizations and other government business enterprises that meet the definition of control for financial reporting purposes and are included in the reporting entity of the Government.

### *i. Consolidated Crown corporations and other entities*

Some Crown corporations and not-for-profit organizations rely on the Government for most of their financing. There are 25 parent Crown corporations (25 in 2010) and four not-for-profit organizations (five in 2010) whose financial activities are consolidated in these financial statements. The major consolidated Crown corporations are Atomic Energy of Canada Limited, Canadian Air Transport Security Authority, Canadian Broadcasting Corporation and VIA Rail Canada Inc. The major consolidated not-for-profit organizations are the Canada Foundation for Innovation and the Canada Foundation for Sustainable Development Technology. Detailed information (unaudited) on these consolidated entities is included in Section 4 of this volume.

### *ii. Enterprise Crown corporations and other government business enterprises*

The remaining Crown corporations are government business enterprises able to raise substantial portions of their revenues through commercial business activity and are therefore considered self-sustaining. These Crown corporations are referred to as enterprise Crown corporations. The major enterprise Crown corporations include the Bank of Canada, Canada Mortgage and Housing Corporation, Canada Post Corporation and Export Development Canada.

In addition, there are a number of self-sustaining government business enterprises that are not Crown corporations but which are controlled by the Government. These are referred to as other government business enterprises. The major other government business enterprises include The Canadian Wheat Board and the various Port Authorities.

Investments in enterprise Crown corporations and other government business enterprises are recorded under the modified equity method, whereby the cost of the Government's equity is reduced by dividends received and adjusted to include the annual profits and losses of these corporations, after elimination of unrealized inter-organizational gains and losses. Most of these corporations follow Canadian generally accepted accounting principles used by private sector companies. Under the modified equity method, the corporations' accounts are not adjusted to the Government's basis of accounting and other comprehensive income or loss of enterprise Crown corporations and other government business enterprises is recorded directly to the Government's accumulated deficit and net debt.

Assets and liabilities of enterprise Crown corporations and other government business enterprises are not included in these financial statements, except for their borrowings which are recorded as liabilities of the Government when they are not expected to be repaid directly by these corporations. The Government also reports any amounts receivable from or payable to these corporations and where the Government has advanced funds to the corporations to support their direct lending activities, the amounts are recorded as loans and advances by the Government.

The following table presents the Government's recorded loans, investments and advances in significant enterprise Crown corporations and other government business enterprises:

| | (in millions of dollars) | |
|---|---|---|
| | 2011 | 2010 |
| Investments — | | |
| Canada Mortgage and Housing Corporation | 11,586 | 9,604 |
| Export Development Canada | 8,073 | 6,906 |
| Canada Development Investment Corporation | 4,818 | 3,187 |
| Business Development Bank of Canada | 4,008 | 3,643 |
| Farm Credit Canada | 2,755 | 2,336 |
| Canada Post Corporation | 2,262 | 1,853 |
| Canada Deposit Insurance Corporation | 1,112 | 856 |
| Other | 2,612 | 2,525 |
| Total investments | 37,226 | 30,910 |
| Loans and advances — | | |
| Canada Mortgage and Housing Corporation | 69,569 | 72,262 |
| Farm Credit Canada | 17,558 | 15,931 |
| Business Development Bank of Canada | 13,223 | 12,245 |
| Other | 122 | 132 |
| | 100,472 | 100,570 |
| Less: | | |
| Amount expected to be repaid from future appropriations | 2,028 | 1,964 |
| Unamortized discounts and premiums | -3 | -7 |
| Total loans and advances | 98,447 | 98,613 |
| Total loans, investments and advances to enterprise Crown corporations and other government business enterprises | 135,673 | 129,523 |

Details (unaudited) can be found in Section 9 of this volume.

The following table presents the summary financial position and results of enterprise Crown corporations and other government business enterprises:

| | (in millions of dollars) | |
|---|---|---|
| | 2011 | 2010 |
| Assets — | | |
| Financial assets | 433,776 | 427,410 |
| Non-financial assets | 10,428 | 9,289 |
| Total assets | 444,204 | 436,699 |
| Liabilities | 406,734 | 405,440 |
| Equity of Canada as reported | 37,470 | 31,259 |
| Elimination adjustments | -244 | -349 |
| Equity of Canada | 37,226 | 30,910 |
| Revenues | 33,117 | 36,913 |
| Expenses | 26,279 | 33,672 |
| Profit as reported | 6,838 | 3,241 |
| Adjustments and others | 154 | -935 |
| Profit | 6,992 | 2,306 |
| Other changes in equity — | | |
| Other comprehensive income | 2,142 | 211 |
| Dividends (1) | -2,818 | -1,391 |
| Capital (2) | | 4,617 |
| | 6,316 | 5,743 |
| Equity of Canada at beginning of year | 30,910 | 25,167 |
| Equity of Canada at end of year | 37,226 | 30,910 |
| Contractual obligations | 18,991 | 20,150 |
| Contingent liabilities | 2,695 | 3,531 |

Details (unaudited) can be found in Section 9 of this volume.

(1) Amounts reported as dividends include $1,155 millions ($1,252 million in 2010) from the Bank of Canada.

(2) Amounts reported as capital include nil ($3,169 million in 2010) for Canada Development Investment Corporation related to financial assistance to the automotive sector.

### *iii. Non Public Property*

Non Public Property (NPP), as defined under the *National Defence Act*, consists of money and property contributed to or by Canadian Forces members and is administered for their benefit and welfare by the Canadian Forces Personnel and Family Support Services (CFPFSS). The CFPFSS is responsible for delivering selected morale and welfare programs, services and activities through three operational divisions, Canadian Forces Exchange System (CANEX), Personnel Support Programs and Service Income Security Insurance Plan (SISIP) Financial Services. Under the *National Defence Act*, NPP is explicitly excluded from the *Financial Administration Act*. The Government provides some services related to NPP activities such as accommodation and security for which no amount is charged. The cost of providing these services is included in the financial statements of the Government of Canada. In 2011, CFPFSS administered estimated revenues and expenses of $386 million ($405 million in 2010) and $358 million ($362 million in 2010) respectively and had net equity of $597 million at March 31, 2011 ($571 million at March 31, 2010). These amounts are excluded from the financial statements of the Government of Canada.

## 12. Other Loans, Investments and Advances

The following table presents a summary of the balances of other loans, investments and advances by category:

| | (in millions of dollars) | |
|---|---|---|
| | 2011 | 2010 |
| National governments, including developing countries and international organizations — | | |
| National governments including developing countries | 433 | 502 |
| International organizations | 16,661 | 15,835 |
| Total | 17,094 | 16,337 |
| Other loans, investments and advances — | | |
| Provincial and territorial governments | 2,680 | 2,937 |
| Other loans, investments and advances | 24,978 | 25,434 |
| Total | 27,658 | 28,371 |
| Total | 44,752 | 44,708 |
| Less: allowance for valuation | 21,876 | 21,550 |
| Total other loans, investments and advances | 22,876 | 23,158 |

Details (unaudited) can be found in Section 9 of this volume.

Loans to national governments consist mainly of loans for financial assistance, international development assistance to developing countries, and development of export trade which are administered by Export Development Canada. Certain loans are non-interest bearing and others bear interest at rates varying from 1.0 percent to 10.3 percent. These loans are repayable over 6 to 55 years, with final instalments due in 2045.

Loans, investments and advances to international organizations include subscriptions to the share capital of international banks as well as loans and advances to associations and other international organizations. These subscriptions are composed of both paid-in and callable capital. They do not provide a return on investment but are repayable on termination of the organization or withdrawal from it. Most loans and advances to international organizations are made to banks and associations that use these funds to make loans to developing countries at significant concessionary terms.

Loans to provinces and territories include loans made under relief acts and other legislation. Certain loans are non-interest bearing and others bear interest at rates varying from 4.5 percent to 9.5 percent. These loans are repayable over 1 to 50 years, with final instalments due in 2015.

Other loans, investments and advances include portfolio investments and loans and advances under various programs to individuals and organizations which include loans under the Canada Student Loans Program of $13,820 million ($12,804 million in 2010), and loans for development of export trade which are administered by Export Development Canada of $4,760 million ($6,279 million in 2010). Loans under the Canada Student Loans Program are provided interest-free to full-time students and afterward bear interest at either a variable prime rate plus 2.5 percent or a fixed prime rate plus 5.0 percent. The repayment period is generally 10 years. Certain loans for development of export trade are non-interest bearing and others bear interest at rates varying from 1.9 percent to 12.8 percent. These loans are repayable over 1 to 20 years, with final instalments due in 2023.

## 13. Tangible Capital Assets

Tangible capital assets consist of acquired, built, developed or improved tangible assets, whose useful life extends beyond the fiscal year and which are intended to be used on an ongoing basis for producing goods or delivering services, including military activities. Tangible capital assets include land, buildings, works and infrastructure, machinery and equipment including computer hardware and software, vehicles including ships, aircraft and others, leasehold improvements and assets under construction. Software and leasehold improvements include only the cost of assets acquired since April 1, 2001. Tangible capital assets also include assets under capital lease. Detailed information (unaudited) on tangible capital assets is provided in Section 10 of this volume.

Tangible capital assets do not include immovable assets located on reserves as defined in the *Indian Act*. In addition, the cost of works of art and museum collections consisting mainly of paintings, sculptures, drawings, prints, photographs, monuments, films and videos are expensed in the fiscal year in which they are acquired.

Except for land, the cost of tangible capital assets used in Government operations is generally amortized on a straight-line basis over the estimated useful life of the asset as follows:

| | |
|---|---|
| Buildings | 20 to 40 years |
| Works and infrastructure (1) | 5 to 40 years |
| Machinery and equipment | 3 to 30 years |
| Vehicles | 3 to 40 years |
| Leasehold improvements | lesser of useful life of improvement or lease term |
| Assets under construction | once in service, in accordance with asset type |
| Assets under capital leases | in accordance with asset type or over the lease term |

(1) Except for the Confederation Bridge, which is amortized over 100 years.

The following table presents a summary of the transactions and balances for the main categories of tangible capital assets:

(in millions of dollars)

| | Cost | | | | | Accumulated amortization | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Opening balance | Acquisitions | Disposals | Adjustments[1] | Closing balance | Opening balance | Amortization expense | Disposals | Adjustments | Closing balance | Net book value 2011 | Net book value 2010 |
| Land | 1,459 | 56 | -8 | 32 | 1,539 | | | | | | 1,539 | 1,459 |
| Buildings | 21,168 | 345 | -31 | 620 | 22,102 | 11,373 | 708 | -20 | 80 | 12,141 | 9,961 | 9,795 |
| Works and infrastructure | 11,858 | 204 | -75 | 584 | 12,571 | 7,006 | 370 | -50 | -10 | 7,316 | 5,255 | 4,852 |
| Machinery and equipment | 30,510 | 1,028 | -823 | 1,896 | 32,611 | 20,035 | 1,884 | -634 | 830 | 22,115 | 10,496 | 10,475 |
| Vehicles | 31,817 | 460 | -1,376 | 1,663 | 32,564 | 19,196 | 1,314 | -1,178 | 153 | 19,485 | 13,079 | 12,621 |
| Leasehold improvements | 2,129 | 72 | -30 | 231 | 2,402 | 1,231 | 159 | -22 | -1 | 1,367 | 1,035 | 898 |
| Assets under construction | 11,933 | 5,682 | -55 | -4,134 | 13,426 | | | | | | 13,426 | 11,933 |
| Assets under capital leases | 4,826 | 214 | -41 | -78 | 4,921 | 1,805 | 321 | -38 | -44 | 2,044 | 2,877 | 3,021 |
| Total | 115,700 | 8,061 | -2,439 | 814 | 122,136 | 60,646 | 4,756 | -1,942 | 1,008 | 64,468 | 57,668 | 55,054 |

Details (unaudited) can be found in Section 10 of this volume.

[1] Adjustments include assets under construction of $3,530 million that were transferred to other categories upon completion of the assets.

## 14. Financial Instruments

The Government uses various financial instruments to manage financial risks associated with its financial assets and liabilities. The Government does not hold or use derivative instruments for trading or speculative purposes.

### *i. Derivative financial instruments*

### *(a) Swap agreements*

Government debt is issued at both fixed and variable interest rates and is denominated in Canadian dollars, US dollars and Euros. The Government has entered into cross currency swap agreements to facilitate management of its debt structure. Using cross currency swap agreements, Canadian dollar and other foreign currency debt has been converted into US dollars or other foreign currencies with either fixed interest rates or variable interest rates. As a normal practice, the Government's swap positions are held to maturity.

The interest paid or payable and the interest received or receivable on all swap transactions are recorded as part of public debt charges. Unrealized gains or losses due to fluctuations in the foreign exchange value of the swaps are presented in the cross currency swap revaluation account and are recognized as part of net foreign exchange revenues in the Statement of Operations and Accumulated Deficit.

Cross currency swaps with contractual or notional principal amounts outstanding at March 31, stated in Canadian dollars, are as follows:

(in millions of dollars)

| Maturing year | 2011 | 2010 |
|---|---|---|
| 2011 | | 2,531 |
| 2012 | 2,642 | 2,195 |
| 2013 | 4,185 | 4,301 |
| 2014 | 3,447 | 3,530 |
| 2015 | 3,197 | 3,267 |
| 2016 | 3,959 | 4,069 |
| 2017 and subsequent | 22,118 | 17,666 |
| Total | 39,548 | 37,559 |

### *(b) Foreign-exchange forward agreements*

The Government typically funds loans with the IMF as part of the Foreign Exchange Accounts with US dollars, which are denominated in SDR. Since the currency value of the SDR is based upon a basket of key international currencies (the US dollar, Euro, Japanese yen and Pound sterling), a foreign exchange mismatch results, whereby fluctuations in the value of the loan asset are not equally offset by fluctuations in the value of the related funding liability. Therefore, the Government enters into forward agreements to hedge this foreign exchange risk.

Unrealized gains or losses due to fluctuations in the foreign exchange value of these agreements are recorded in accounts payable and accrued liabilities and are recognized as part of the net foreign exchange revenues in the Statement of Operations and Accumulated Deficit.

The foreign-exchange forward agreements with contractual or notional principal amounts outstanding in Canadian dollars is $1,877 million at March 31 (nil at March 31 2010) maturing in 2012.

*(c) Credit risk related to swap and foreign-exchange forward agreements*

The Government manages its exposure to credit risk by dealing principally with financial institutions having credit ratings from at least two recognized rating agencies, one of which must be Standard & Poor's or Moody's. At the time of inception of the agreement, the credit rating of the institution must be at least A-.

Credit risk is also managed through collateral provisions in swap and foreign exchange forward agreements. Counterparties must pledge collateral to the Government, which, in the event of default, could be liquidated to mitigate credit losses.

The Government does not have a significant concentration of credit risk with any individual institution and does not anticipate any counterparty credit loss with respect to its swap and foreign exchange forward agreements.

The following table presents the notional amounts of the swap and foreign-exchange forward agreements organized by credit ratings based on published Standard & Poor's credit ratings and stand-alone credit profiles at year end:

| | (in millions of dollars) | |
|---|---|---|
| Credit ratings | 2011 | 2010 |
| AA | 5,645 | 4,692 |
| AA- | 15,708 | 13,746 |
| A+ | 8,436 | 6,750 |
| A | 5,165 | 3,422 |
| A- | 6,471 | 2,130 |
| BBB+ | | 5,447 |
| BBB | | 1,372 |
| Total | 41,425 | 37,559 |

*ii. Managing foreign currency risk and sensitivity analysis to foreign currency exposures*

Interest rate and foreign currency risks are managed using a strategy of matching the duration and the currency of the Exchange Fund Account (EFA) assets and the related foreign currency borrowings of the Government. As at March 31, 2011, the impact of price changes affecting the EFA assets and the liabilities funding these assets naturally offset each other, resulting in no significant impacts to the Government's net debt. Assets related to the IMF are only partially matched by related foreign currency borrowings, as they are denominated in SDR, however, foreign-exchange risks relating to loans to the IMF have been managed through entering into various foreign-exchange forward agreements.

The majority of the Government foreign currency assets and liabilities are held in three currency portfolios: the US dollar, the Euro and the Japanese yen. At March 31, 2011, a one percent appreciation in the Canadian dollar as compared to the US dollar, the Euro and the Japanese yen would result in a foreign exchange gain of $26 million due to the exposure of the US dollar portfolio, a foreign exchange loss of $3 million due to the exposure of the Euro portfolio and a foreign exchange gain of $1 million due to the exposure of the Japanese yen portfolio. Net foreign exchange gain included in net foreign exchange revenues, other program revenues and other program expenses on the Statement of Operations and Accumulated Deficit amount to $85 million (net foreign exchange loss of $1,039 million in 2010).

*iii. Fair value information*

*(a) Liabilities and financial assets*

The following table presents the carrying value and the fair value of liabilities and financial assets. Fair values are Government estimates and are generally calculated using market conditions at a specific point in time where a market exists. Fair values of liabilities and financial assets with a short term to maturity or of a non-negotiable nature are assumed to approximate their carrying values. Fair values may not reflect future market conditions nor the actual values obtainable should the instrument be exchanged on the market. The calculations are subjective in nature and involve inherent uncertainties due to the unpredictability of future events.

| | (in millions of dollars) | | | | | |
|---|---|---|---|---|---|---|
| | 2011 | | | 2010 | | |
| | Carrying value | Fair value | Fair value over under (-) carrying value | Carrying value | Fair value | Fair value over under (-) carrying value |
| Liabilities — | | | | | | |
| Accounts payable and accrued liabilities | 119,060 | 119,060 | | 120,525 | 120,525 | |
| Unmatured debt | 591,155 | 631,070 | 39,915 | 559,126 | 597,531 | 38,405 |
| Public sector pensions | 146,135 | 154,792 | 8,657 | 142,843 | 154,630 | 11,787 |
| Other employee and veteran future benefits | 58,206 | 74,492 | 16,286 | 54,227 | 71,391 | 17,164 |
| Other liabilities | 6,315 | 6,315 | | 6,587 | 6,587 | |
| Financial Assets — | | | | | | |
| Cash and accounts receivable | 96,907 | 96,907 | | 101,205 | 101,205 | |
| Foreign exchange accounts | 48,507 | 48,978 | 471 | 46,950 | 48,354 | 1,404 |
| Loans, investments and advances excluding investments in enterprise Crown corporations | 121,323 | 124,551 | 3,228 | 121,771 | 124,603 | 2,832 |

Fair values are determined using the following methods and assumptions:

The carrying values of other accounts payable and accrued liabilities, taxes payable, interest and matured debt and cash and accounts receivable are assumed to approximate their fair values due to their short term to maturity and allowances to reduce carrying values.

For marketable bonds denominated in Canadian dollars and foreign currencies, treasury bills issued in Canadian dollars and Euro medium-term notes, fair values are established using market quotes or the discounted cash flow calculated using year end market interest and exchange rates. The fair value of bonds issued to the Canada Pension Plan are established using discounted cash flows based on current market yields of instruments with similar characteristics, adjusted for the non-marketability and rollover provisions on the bonds. Fair values of other instruments comprising the unmatured debt are deemed to approximate their carrying values due to their short term to maturity or their non-negotiable nature.

The fair values of public sector pensions and other employee and veteran future benefit liabilities are assumed to approximate the actuarial value of the accrued benefit obligations net of the fair values of the pension plan assets, which are established at market value for investments and at discounted net present value for other plan assets.

Fair values of the securities and gold reserves held in the foreign exchange accounts are established using market quotes or other available market information. Financial claims and obligations with the International Monetary Fund denominated in foreign currencies are reported at Canadian dollar equivalents at March 31, which are assumed to approximate fair value.

Fair values of loans to enterprise Crown corporations are established using market quotes or the discounted cash flow calculated using year end market interest rates. For portfolio or temporary investments, fair values are established using stock market quotes or other available information.

Fair values of other loans, investments and advances are assumed to approximate carrying values since allowances are recorded when necessary to reduce their carrying value to amounts that approximate their estimated realizable value.

*(b) Derivative financial instruments*

The following table presents the fair value of derivative financial instruments with contractual or notional principal amounts outstanding at March 31:

| | (in millions of dollars) | | | |
|---|---|---|---|---|
| | 2011 | | 2010 | |
| | Notional amount | Fair value | Notional amount | Fair value |
| Cross currency swaps | 39,548 | 4,979 | 37,559 | 3,892 |
| Foreign-exchange forward agreements | 1,877 | -95 | | |
| Total | 41,425 | 4,884 | 37,559 | 3,892 |

Fair values of the swap and foreign-exchange forward agreements are the estimated amount that the Government would receive or pay, based on market factors, if the agreements were terminated on March 31. They are established by discounting the expected cash flows of the swap and foreign-exchange forward agreements using year end market interest and exchange rates. A positive (negative) fair value indicates that the Government would receive (make) a payment if the agreements were terminated on March 31.

## 15. Contractual Obligations

The nature of government activities result in large multi-year contracts and agreements, including international treaties, protocols and agreements of various size and importance. Any financial obligations resulting from these are recorded as a liability when the terms of these contracts or agreements for the acquisition of goods and services or the provision of transfer payments are met. Major contractual obligations that will generate expenditures in future years and that can be reasonably estimated are summarized as follows:

| | (in millions of dollars) | |
|---|---|---|
| | 2011 | 2010 |
| Transfer payment agreements | 58,295 | 60,514 |
| Acquisition of property and equipment, and goods and services | 33,344 | 27,238 |
| Operating leases | 2,637 | 3,015 |
| International organizations | 3,343 | 3,089 |
| | 97,619 | 93,856 |

Details (unaudited) can be found in Section 11 of this volume.

Estimated future expenditures related to these contractual obligations are as follows:

| Year | (in millions of dollars) |
|---|---|
| 2012 | 26,606 |
| 2013 | 15,445 |
| 2014 | 13,219 |
| 2015 | 7,225 |
| 2016 | 5,287 |
| 2017 and subsequent | 29,837 |
| | 97,619 |

Details (unaudited) can be found in Section 11 of this volume.

### *i. Transfer payment agreements*

Obligations related to transfer payment agreements include an amount of $21,695 million ($23,935 million in 2010) related to various contractual obligations of the Government through the Minister's account held at Canada Mortgage and Housing Corporation (CMHC) for social housing programs. Estimated future expenditures related to these obligations are approximately $1,700 million per year. The amounts reported for CMHC under obligations for transfer payment agreements for 2011 reflect the total estimated remaining contractual obligations extending for periods up to 30 years.

### *ii. Operating leases*

The Government rents premises and equipment under operating leases which expire at various dates. Future minimum lease payments as at March 31, 2011, total $2,637 million ($3,015 million in 2010).

## 16. Contingent Liabilities

Contingent liabilities arise in the normal course of operations and their ultimate disposition is unknown. They are grouped into contingent liabilities related to: guarantees provided by the Government, international organizations, environmental liabilities, claims and pending and threatened litigation, and insurance programs of agent enterprise Crown corporations.

### *i. Guarantees provided by the Government*

At March 31, 2011, the principal amount outstanding for guarantees provided by the Government amount to $236,509 million ($221,979 million in 2010) for which an allowance of $592 million ($535 million in 2010) has been recorded. Guarantees provided by the Government include guarantees on the borrowings of enterprise Crown corporations and other government business enterprises, loan guarantees, insurance programs managed by the Government, and other explicit guarantees. Of the total amount guaranteed, $227,642 million ($211,454 million in 2010) relates to guarantees on the borrowings of agent enterprise Crown corporations for which no allowance (nil in 2010) has been recorded. The repayment of all money borrowed by agent enterprise Crown corporations and interest thereon constitute obligations of the Government and are recorded net of borrowings expected to be repaid directly by these corporations.

### *ii. International organizations*

The Government has callable share capital in certain international organizations that could require payments to those agencies. As at March 31, 2011, callable share capital amounts to $25,479 million ($17,177 million in 2010).

### *iii. Environmental liabilities*

#### *(a) Remediation of contaminated sites*

The Government has identified approximately 17,000 sites for which environmental liabilities may exist for assessment, remediation and monitoring. Of these, the Government has identified approximately 2,200 sites (2,400 sites in 2010), where action is possible and for which a liability of $4,354 million ($3,493 million in 2010) has been recorded. In addition, the Government has estimated further clean-up costs for which it may be potentially liable of $1,044 million ($1,512 million in 2010). These further clean up costs have not been accrued as the Government's obligation to incur these costs is not determinable.

*(b) Future asset restoration*

The Government has identified approximately 760 unexploded explosive ordnance (UXO) affected sites for which environmental liabilities for clearance of these sites may exist. Of these, the Government has identified approximately 42 UXO affected sites (30 UXO affected sites in 2010), where clearance action is likely and for which a liability of $16 million ($16 million in 2010) has been recorded as part of the total future asset restoration liability of $3,391 million ($3,109 million in 2010). In addition, the Government has estimated further clearance costs related to UXO affected sites ranging from $180 million to $524 million. These future clearance costs have not been accrued as the Government's obligation to incur these costs is not determinable.

The Government's ongoing efforts to assess contaminated sites and UXO affected sites may result in additional environmental liabilities related to newly identified sites, or changes in the assessments or intended use of existing sites. Any additional liabilities will be accrued in the year in which they become known and can be reasonably estimated.

### *iv. Claims and pending and threatened litigation*

There are thousands of claims and pending and threatened litigation cases outstanding against the Government. These claims include items with pleading amounts and items where an amount is not specified. While the total amount claimed in these actions is significant, their outcomes are not determinable. The Government has recorded an allowance for claims and litigation where it is likely that there will be a future payment and a reasonable estimate of the loss can be made. Claims and litigation for which the outcome is not determinable and a reasonable estimate can be made amount to approximately $4,211 million ($4,300 million in 2010). Certain large and significant claims are described below:

*Comprehensive land claims*: Comprehensive land claims are negotiated in areas where aboriginal title has not been dealt with by treaty or by other legal methods. In such cases, the claim is based on an aboriginal group's traditional use and occupancy of that land. There are currently 80 (76 in 2010) comprehensive land claims under negotiation, accepted for negotiation or under review. A liability of $3,772 million ($3,800 million in 2010) is estimated for claims that have progressed to a point where quantification is possible. The estimate is based on historical rates and costs of settlement and current status of negotiations. The remaining claims are still in the early stage of negotiations and cannot yet be quantified.

*Assessed taxes under objection or appeal*: As at March 31, 2011, $17,117 million ($17,102 million in 2010) of previously assessed federal and provincial taxes was under objection at Canada Revenue Agency and $3,299 million ($3,509 million in 2010) was under appeal at either the Tax Court of Canada, the Federal Court of Canada or the Supreme Court of Canada.

*Other*: In September 1999, the *Public Service Superannuation Act*, the *Canadian Forces Superannuation Act* and the *Royal Canadian Mounted Police Superannuation Act* were amended to enable the Government to deal with excess amounts in the superannuation accounts and pension funds governed by these Acts. The legal validity of these provisions was challenged in the Courts. On November 20, 2007, the Ontario Superior Court of Justice rendered its decision and dismissed all the claims of the plaintiffs. The Ontario Court of Appeal dismissed the plaintiffs' appeal on October 8, 2010. In a decision released on May 5, 2011, the plaintiffs' application for leave to appeal was granted by the Supreme Court of Canada. The outcome is not determinable at this time.

### *v. Insurance programs of agent enterprise Crown corporations*

Three agent enterprise Crown corporations operate insurance programs for the Government. In the event that the corporations have insufficient funds, the Government will have to provide financing. The Canada Deposit Insurance Corporation operates the Deposit Insurance Fund which provides basic protection coverage to depositors for up to $100,000 deposited with each member bank, trust or loan company; Canada Mortgage and Housing Corporation operates the Mortgage Insurance Fund which provides insurance for mortgage lending on Canadian housing by private institutions and the Mortgage-Backed Securities Guarantee Fund which guarantees the timely payment of the principal and interest for investors of securities based on the *National Housing Act* through the Mortgage-Backed Securities program and the bonds issued by the Canada Housing Trust through the Canada Mortgage Bond program; and Export Development Canada provides export and foreign investment insurance to help with export trade. At March 31, 2011, total insurance in force amounts to $1,473,068 million ($1,396,212 million in 2010). The Government expects that all three corporations will cover the cost of both current claims and possible future claims.

Further details (unaudited) on contingent liabilities can be found in Section 11 of this volume.

## 17. Segmented information

The Government segmented information is based on the ministry structure reported in the 2010-2011 Estimates, which groups the activities of departments and agencies for which a Minister is responsible, and the Crown corporations and other entities as described in Note 11. The five main ministries are reported separately and the others are grouped together with the provision for valuation and other items. The presentation by segment is based on the same accounting policies as those described in the Summary of significant accounting policies in Note 1. The following tables present the Statement of Operations by Ministry and Crown corporation and other entities before the elimination of internal transactions for the year ended March 31:

(in millions of dollars)

| | 2011 | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Canada Revenue Agency | Finance | Human Resources and Skills Development | National Defence | Public Safety and Emergency Preparedness | Other ministries | Crown corporations and other entities | Adjustments[1] | Total |
| ***REVENUES*** | | | | | | | | | |
| **TAX REVENUES —** | | | | | | | | | |
| Income tax revenues | 148,563 | | | | | | | | 148,563 |
| Other taxes and duties | 19,315 | | | | 23,588 | | | | 42,903 |
| ***TOTAL TAX REVENUES*** | ***167,878*** | | | | ***23,588*** | | | | ***191,466*** |
| ***EMPLOYMENT INSURANCE PREMIUMS*** | | | ***17,862*** | | | | | ***-361*** | ***17,501*** |
| **OTHER REVENUES —** | | | | | | | | | |
| Crown corporations | | | | | | | 21,121 | -8,184 | 12,937 |
| Other programs | 4,085 | 468 | 3,954 | 461 | 1,879 | 10,916 | 166 | -8,551 | 13,378 |
| Net foreign exchange | | 1,809 | | | | | | | 1,809 |
| ***TOTAL OTHER REVENUES*** | ***4,085*** | ***2,277*** | ***3,954*** | ***461*** | ***1,879*** | ***10,916*** | ***21,287*** | ***-16,735*** | ***28,124*** |
| ***TOTAL REVENUES*** | ***171,963*** | ***2,277*** | ***21,816*** | ***461*** | ***25,467*** | ***10,916*** | ***21,287*** | ***-17,096*** | ***237,091*** |
| ***EXPENSES*** | | | | | | | | | |
| **TRANSFER PAYMENTS —** | | | | | | | | | |
| Old age security benefits, guaranteed income supplement and spouse's allowance | | | 35,629 | | | | | | 35,629 |
| Major transfer payments to other levels of government | | 51,037 | | | 154 | 1,780 | | | 52,971 |
| Employment insurance benefits | | | 19,850 | | | | | | 19,850 |
| Children's benefits | 10,013 | | 2,643 | | | | | | 12,656 |
| Other transfer payments | 446 | 1,862 | 5,632 | 266 | 381 | 29,184 | 575 | -1,526 | 36,820 |
| ***TOTAL TRANSFER PAYMENTS*** | ***10,459*** | ***52,899*** | ***63,754*** | ***266*** | ***535*** | ***30,964*** | ***575*** | ***-1,526*** | ***157,926*** |
| **OTHER PROGRAM EXPENSES—** | | | | | | | | | |
| Crown corporations | | | | | | | 11,034 | -487 | 10,547 |
| Ministries | 7,539 | 779 | 8,163 | 21,405 | 9,613 | 38,693 | | -15,073 | 71,119 |
| ***TOTAL OTHER PROGRAM EXPENSES*** | ***7,539*** | ***779*** | ***8,163*** | ***21,405*** | ***9,613*** | ***38,693*** | ***11,034*** | ***-15,560*** | ***81,666*** |
| ***TOTAL PROGRAM EXPENSES*** | ***17,998*** | ***53,678*** | ***71,917*** | ***21,671*** | ***10,148*** | ***69,657*** | ***11,609*** | ***-17,086*** | ***239,592*** |
| ***PUBLIC DEBT CHARGES*** | | ***30,662*** | | ***36*** | | ***183*** | | ***-10*** | ***30,871*** |
| ***TOTAL EXPENSES*** | ***17,998*** | ***84,340*** | ***71,917*** | ***21,707*** | ***10,148*** | ***69,840*** | ***11,609*** | ***-17,096*** | ***270,463*** |

Details (unaudited) providing total expenses by segment and type can be found in Section 3 of this volume.

[1] Represents consolidation adjustments to eliminate internal transactions.

(in millions of dollars)

| | 2010 | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Canada Revenue Agency | Finance | Human Resources and Skills Development | National Defence | Public Safety and Emergency Preparedness | Other ministries | Crown corpo- rations and other entities | Adjustments[1] | Total |
| ***REVENUES*** | | | | | | | | | |
| **TAX REVENUES —** | | | | | | | | | |
| Income tax revenues | 139,601 | | | | | | | | 139,601 |
| Other taxes and duties | 19,560 | | | | 21,013 | | | | 40,573 |
| ***TOTAL TAX REVENUES*** | ***159,161*** | | | | ***21,013*** | | | | ***180,174*** |
| ***EMPLOYMENT INSURANCE PREMIUMS*** | | | ***17,121*** | | | | | ***-360*** | ***16,761*** |
| **OTHER REVENUES —** | | | | | | | | | |
| Crown corporations | | | | | | | 15,262 | -7,640 | 7,622 |
| Other programs | 3,542 | 288 | 4,058 | 495 | 1,882 | 10,396 | 225 | -8,490 | 12,396 |
| Net foreign exchange | | 1,647 | | | | | | | 1,647 |
| ***TOTAL OTHER REVENUES*** | ***3,542*** | ***1,935*** | ***4,058*** | ***495*** | ***1,882*** | ***10,396*** | ***15,487*** | ***-16,130*** | ***21,665*** |
| ***TOTAL REVENUES*** | ***162,703*** | ***1,935*** | ***21,179*** | ***495*** | ***22,895*** | ***10,396*** | ***15,487*** | ***-16,490*** | ***218,600*** |
| ***EXPENSES*** | | | | | | | | | |
| **TRANSFER PAYMENTS —** | | | | | | | | | |
| Old age security benefits, guaranteed income supplement and spouse's allowance | | | 34,653 | | | | | | 34,653 |
| Major transfer payments to other levels of government | | 54,943 | | | 20 | 1,903 | | 124 | 56,990 |
| Employment insurance benefits | | | 21,586 | | | | | | 21,586 |
| Children's benefits | 9,753 | | 2,587 | | | | | | 12,340 |
| Other transfer payments | 427 | 680 | 5,468 | 236 | 186 | 33,951 | 720 | -1,776 | 39,892 |
| ***TOTAL TRANSFER PAYMENTS*** | ***10,180*** | ***55,623*** | ***64,294*** | ***236*** | ***206*** | ***35,854*** | ***720*** | ***-1,652*** | ***165,461*** |
| **OTHER PROGRAM EXPENSES—** | | | | | | | | | |
| Crown corporations | | | | | | | 10,548 | -120 | 10,428 |
| Ministries | 7,230 | 701 | 8,280 | 21,108 | 9,900 | 36,384 | | -14,708 | 68,895 |
| ***TOTAL OTHER PROGRAM EXPENSES*** | ***7,230*** | ***701*** | ***8,280*** | ***21,108*** | ***9,900*** | ***36,384*** | ***10,548*** | ***-14,828*** | ***79,323*** |
| ***TOTAL PROGRAM EXPENSES*** | ***17,410*** | ***56,324*** | ***72,574*** | ***21,344*** | ***10,106*** | ***72,238*** | ***11,268*** | ***-16,480*** | ***244,784*** |
| ***PUBLIC DEBT CHARGES*** | | ***29,196*** | | ***38*** | | ***190*** | | ***-10*** | ***29,414*** |
| ***TOTAL EXPENSES*** | ***17,410*** | ***85,520*** | ***72,574*** | ***21,382*** | ***10,106*** | ***72,428*** | ***11,268*** | ***-16,490*** | ***274,198*** |

Details (unaudited) providing total expenses by segment and type can be found in Section 3 of this volume.

[1] Represents consolidation adjustments to eliminate internal transactions.

## OBSERVATIONS OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF THE GOVERNMENT OF CANADA FOR THE YEAR ENDED 31 MARCH 2011

Once again, we congratulate the government for receiving an unqualified audit opinion (now termed "unmodified" audit opinion under Canadian auditing standards (CAS)) on the financial statements. Our opinion provides assurance that government is properly reporting its overall financial performance to Parliament and to Canadians. Reporting the financial results of the Government of Canada requires a great deal of work by public servants. The individual departments and central agencies worked together to prepare the Government of Canada's financial statements.

In recognition of an increasingly global economy, The Canadian Auditing and Assurance Standards Board has adopted the International Standards on Auditing as Canadian auditing standards to improve the basis for high-quality, consistent, and comparable audits. This year, we successfully implemented the new Canadian auditing standards in the conduct of this audit.

You will notice that as a result of the new auditing standards, the auditor's report looks different this year. Its new wording, title and format are largely to make it clearer and to emphasize the roles and responsibilities of both management and the auditor. Management is responsible for internal controls over the preparation of financial statements that are free of significant errors; the auditor is responsible for conducting the audit in accordance with CAS and with specific requirements to comply with ethical standards. While the new CAS are generally consistent with the previous standards, there were a number of changes in the execution of the audit. Examples include increased audit procedures related to the existence and condition of inventory, and increased communication with management and those responsible for the financial statements.

The purpose of these Observations is to comment on matters that we would like to bring to Parliament's attention.

### PARLIAMENTARY AUTHORITY FOR CAPITAL EXPENDITURES

As noted in the 2006 November Report of the Auditor General of Canada, which discussed the federal government's expenditure management system, parliamentary control of the public purse is fundamental to responsible government. Granting government the authority to spend is one of Parliament's principal functions and a key part of holding the government to account. The *Financial Administration Act* provides the legal framework for financial management. Before government can spend public funds, it must obtain Parliament's approval or authority. Two of the principal instruments used by Parliament to grant spending authority are capital votes and operating votes. Our concern relates to how departments and agencies charge their capital expenditures against these votes.

As described in the Main Estimates, capital votes are used when a department's capital expenditures exceed $5 million. Under existing guidance by the Treasury Board of Canada Secretariat, departments and agencies can charge minor capital expenditures to their operating votes. Minor capital expenditures are defined as capital expenditures that are not considered controlled capital expenditures. This means, in substance, that they are not land, buildings, structures and works, or major modifications or renovations.

This guidance is dated, and it allows departments to broadly interpret which capital expenditures may be charged to an operating vote rather than a capital vote. Departments may set different thresholds with no upper limit for capital expenditures classed as minor capital expenditures. We noted that one department has set a limit of $1 million for minor capital expenditures. Another department recorded capital expenditures associated with infrastructure modernization as minor capital expenditures and charged them against an operating vote. Under the current guidance, significant capital expenditures can be and are being charged to operating votes even when departments have a capital vote. Further, in practice, what government entities class as minor capital expenditures is inconsistent from one entity to another. In our view, the issue should be addressed to ensure appropriate parliamentary control of government spending.

As noted earlier, government entities that plan to have more than $5 million in capital expenditures should receive a capital vote. As a result, many entities do not have one. Rather, they have a single operating vote called a program expenditures vote and they charge both capital expenditures and operating expenditures to this vote. We estimated capital expenditures for entities in this category and noted that in 2010-11, a number of the entities incurred capital expenditures in excess of $5 million. The estimated total capital expenditures for those entities are significant, and some of the entities could have had capital expenditures well in excess of $5 million.

The Secretariat's guidance on what to charge to capital or operating votes was first issued in 1992 and has not been updated substantively since then. The Secretariat needs to assess the circumstances in which capital votes are required, the $5 million threshold, and the factors that determine which expenditures are to be charged to capital votes rather than operating votes. This will ensure that the regime is clear and remains relevant in order to support parliamentary authority and government accountability to Parliament.

The Secretariat has agreed that such a review would be timely, and it will undertake to conduct it over the course of next year. In particular, it has committed to review the current practices in government and ensure that the regime is up-to-date and coherent. It has also committed to implement any changes arising from this undertaking in the next feasible cycle of the Estimates. We support this review and encourage the government to undertake it and to implement changes as quickly as possible.

## TRANSITIONING TO THE NEW ACCOUNTING STANDARDS

In last year's Observations, we brought to Parliament's attention the fact that many government entities were converting to either International Financial Reporting Standards or Public Sector Accounting Standards for fiscal years beginning on or after 1 January 2011. Essentially, all of these entities continue to progress in converting to the new standards and related adjustments will need to be properly reflected in the Government of Canada's 31 March 2012 financial statements. We will audit these adjustments in 2012 to ensure that they are properly reported.

## ACCOUNTING STANDARDS FOR OTHER GOVERNMENT ORGANIZATIONS—ENTITY-LEVEL FINANCIAL STATEMENTS

Audited financial statements are an important source of information for purposes of governance and accountability. For financial statements to be useful, they need to be relevant, reliable, comparable, clearly presented, and understandable. This is accomplished through the use of a generally accepted accounting framework set by an independent standard-setting body as the basis of financial reporting—in other words, through a process that ensures that accounting standards are not biased and do not serve the wishes of any particular interest group.

Independent standard-setting bodies fill the role of developing and promulgating accounting standards. They follow an established and transparent process involving deliberation and consideration of the views of a wide range of stakeholders. In Canada, that task rests with the Public Sector Accounting Board (PSAB) of The Canadian Institute of Chartered Accountants. This standard-setting process is independent; it solicits and relies on comments and input from a broad set of constituents before finalizing any new accounting standard. Stakeholders are provided with many opportunities to comment on and influence accounting standards as they are developed. Once finalized and implemented, accounting standards are expected to be applied by financial statement preparers and auditors alike.

PSAB has established a complete set of public sector accounting standards. These standards, known as generally accepted accounting principles, apply to the summary-level financial statements of a government as a whole, including all levels of government, and government organizations.

The federal budget and summary financial statements of the Government of Canada are prepared under these same underlying principles. In my Opinion on the financial statements, we are able to state that the financial statements are presented fairly in accordance with the stated accounting policies, which conform to Canadian public sector accounting standards. Canada is a world leader in preparing high-quality summary financial statements of a national government. We note that 2010-11 is the thirteenth consecutive year in which we have expressed an unmodified audit opinion on the government's summary financial statements. This is a significant accomplishment, of which Canada can be proud.

The government established an accounting standard, referred to as Treasury Board Accounting Standard 1.2 (TBAS 1.2), that the Treasury Board of Canada requires be applied by government organizations defined as departments under Section 2 of the *Financial Administration Act*. Among these organizations are 22 boards, commissions, agencies, and the Officers of Parliament, whose separate financial statements are audited by the Auditor General. We have no concerns about the government providing additional direction or guidance to government bodies on their financial reporting. In our view, however, additional guidance and direction must be consistent with PSAB standards to preserve the credibility of these organizations' financial statements.

At present, there are some differences between TBAS 1.2 and PSAB standards. For example, the financial statements are presented under TBAS 1.2 differently from the way they would be presented under PSAB standards. An additional note was included in the financial statements of affected entities for the year ended 31 March 2011 to deal with these differences; this was intended as a temporary solution, for 2011 only. The Secretariat and my Office have agreed to resolve these differences by 31 December 2011, so the 2011-12 financial statements of those organizations can be prepared on a basis consistent with public sector accounting standards. The Secretariat has advised us they will seek Treasury Board approval following the resolution of these differences.

In conclusion, for these entity-level financial statements to be credible they need to be prepared—as the government's summary financial statements are—on a basis consistent with the accounting standards set by PSAB, the authoritative standard-setting body for the public sector in Canada. We look forward to resolving this with the Secretariat by 31 December 2011, as agreed.

## CONTINUING MATTERS

We also wish to bring to Parliament's attention certain matters, included in the table below, that we have reported in the Observations for the past several years. It is important that the government continue to work on these matters to ensure that financial information is accurate, complete, and timely.

| Observation | Current status |
|---|---|
| **National Defence—Asset Management** | Inventories at National Defence account for $6 billion of the government's $6.8 billion in inventories. Since the adoption of accrual accounting in 2003, we have been reporting National Defence's difficulties in the proper recording and valuation of its inventory and asset pooled items (previously referred to as "repairable spare parts"). As a result of these difficulties, hundreds of millions of dollars in adjustments are made each year to the government's financial statements. While the Department has made some improvements to its accounting systems and practices, these issues are still unresolved, and errors remain in the pricing, quantities, and timely recording of transactions for the Department's inventory and asset pooled items.<br>National Defence has introduced a new resource management system, which provides it with an opportunity to improve its accounting systems and minimize existing deficiencies. However, management does not have a completed overall, detailed plan to ensure that the quantities and valuation of the inventory and asset pooled items are accurate, complete, recorded and maintained on a timely basis. We are concerned that unless management takes action in these areas, the problems we have reported since 2003 will continue. |
| **Canada Border Services Agency—Tax Revenue System Deficiencies** | For several years, we have stated that the Canada Border Services Agency needs to improve its tax revenue accounting systems and practices, as unexplained differences still exist between the accounts receivable in the general ledger and the various reports taken from the customs tax program systems.<br>A 2008 report by the Standing Committee on Public Accounts recommended that the Canada Border Services Agency provide to the Committee a detailed plan with timelines for improving its tax revenue accounting systems. The government's response to the report noted that it had an implementation plan to address the shortcomings related to financial reporting and data integrity. In addition, the Agency had completed a review and identified needed improvements in selected financial controls. This issue was to be resolved within two years. It is now 2011, and unexplained differences still exist.<br>The Canada Border Services Agency has advised us that it plans to implement a new accounts receivable system by 1 April 2013 that will address this issue. |

| Observation | Current status |
|---|---|
| **Estimate of Tax Revenues** | Over the last few years, we have reported that the government needs to regularly monitor and improve its approved tax estimation methodologies to ensure the accuracy of its reported tax revenues.<br>We recognize that the tax methodology is complex and that several government entities provide input into the methodology. Hence, the government needs to ensure that a robust methodology is in place to validate and improve the accuracy and completeness of the revenue estimation process and to identify opportunities for improvement. We note that some aspects of a testing regime are in place. However, in this regard, the government should strengthen the current testing regime by:<br>• documenting the overall approach to validating key assumptions and trends;<br>• incorporating into the methodology evolving economic factors and changes to the administrative environment, such as administering the Harmonized Sales Tax on behalf of some provinces;<br>• expanding the extent of back-testing of data and applying it to all revenue types; and<br>• incorporating the analysis of variances compared with actual results into the methodology on a more timely basis.<br>Canada Revenue Agency needs to work with other government entities to address these matters. |
| **Accrual Appropriations by Departments and Agencies** | We reported in previous years that the government had outlined a plan to implement accrual-based budgeting in phases and, after implementing it, would evaluate the costs and benefits of accrual appropriations in the 2012–13 fiscal year.<br>Accrual-based appropriations would provide Parliament with the same basis for control and approval over voted spending as the government's overall financial plan and the summary financial statements.<br>The 2011 Status Report of the Auditor General of Canada to the House of Commons included a chapter, Financial Management and Control and Risk Management, which reported that the government's progress in implementing accrual appropriations was unsatisfactory. We encourage the government to complete its studies of accrual-based budgeting and appropriations and determine whether or not it will implement accrual appropriations in the future. |

# SECTION 3

## 2010-2011

## *PUBLIC ACCOUNTS OF CANADA*

# Revenues, Expenses and Accumulated Deficit

## CONTENTS

*Page*

Revenues . . . . . . 3.3
- Accounting for revenues . . . . . . 3.3
- Tax revenues . . . . . . 3.4
- Employment insurance premiums . . . . . . 3.5
- Other revenues . . . . . . 3.6

Expenses . . . . . . 3.8
- Accounting for expenses . . . . . . 3.8
- Expenses by segment . . . . . . 3.10
- Government's cost of operations . . . . . . 3.10
- Expenses by object . . . . . . 3.13
- Expenditures under statutory authorities . . . . . . 3.13

This page has been intentionally left blank.

# REVENUES, EXPENSES AND ACCUMULATED DEFICIT

This section provides information on the revenues, expenses and accumulated deficit of the Government as summarized in Table 3.1.

A narrative description is provided for certain accounts reported in some tables. Such description follows the same presentation order as the respective tables.

## TABLE 3.1

REVENUES, EXPENSES AND ACCUMULATED DEFICIT

(in millions of dollars)

| | 2010-2011 | 2009-2010 |
|---|---|---|
| **Revenues—** | | |
| Tax revenues, Table 3.2 | 191,466 | 180,174 |
| Employment insurance premiums | 17,501 | 16,761 |
| Other revenues, Table 3.4 | 28,124 | 21,665 |
| **Total revenues** | **237,091** | **218,600** |
| **Expenses—** | | |
| Transfer payments | 157,926 | 165,461 |
| Other program expenses | 81,666 | 79,323 |
| ***Total program expenses*** | ***239,592*** | ***244,784*** |
| Public debt charges, Table 3.8 | 30,871 | 29,414 |
| **Total expenses, Table 3.6** | **270,463** | **274,198** |
| **Annual deficit** | **33,372** | **55,598** |
| **Accumulated deficit at beginning of year** | **519,097** | **463,710** |
| **Other comprehensive income** | **2,142** | **211** |
| **Accumulated deficit at end of year** | **550,327** | **519,097** |

# REVENUES

Revenues consist of all tax and other amounts which enter into the calculation of the annual surplus or deficit of the Government.

## Accounting for Revenues

The Government reports all revenues on an accrual basis.

Tax revenues are reported net of refunds and are exclusive of amounts collected on behalf of provinces and territories. Tax revenues are recognized in the period in which the event that generates the revenue occurs. Taxes are collected pursuant to their respective legislation which may be amended from time to time.

For income taxes, revenue is recognized when the taxpayer has earned the income producing the tax. Revenue is determined net of tax deductions and credits allowed under the *Income Tax Act*.

Revenues for the fiscal year ended March 31 are based on amounts assessed/reassessed at the time of preparation of the financial statements and estimates of income tax earned in the fiscal period but not yet assessed/reassessed. These estimates are based on amounts received at the time of preparation of the financial statements that relate to the fiscal year ended March 31 that have not been assessed or that are awaiting reassessment. Actual results may differ significantly from these estimates. Differences between estimates and actuals are recorded in the fiscal year in which the actual assessment/reassessment is completed. Revenues do not include estimates for amounts of unreported taxes or the impact of future reassessments that cannot be reasonably determined.

Goods and services tax, and excise and customs revenues are recorded based on the tax and duties assessed and estimated at the time of preparation of the financial statements that relate to the fiscal year ended March 31. For domestic goods and services tax, revenue is recognized at the time of the sale of goods or the provision of services. For excise duties, revenue is recognized when the taxpayer manufactures goods taxable under the *Excise Act*. For excise taxes, revenue is recognized when a taxpayer sells goods taxable under the *Excise Act*. For customs duties and goods and services tax on imports, revenue is recognized when goods are authorized by the Canada Border Services Agency to enter Canada.

Employment insurance premiums are recognized in revenue in the same period as the insurable earnings are earned. Other revenues are recognized in the period to which they relate.

## Tax Revenues

Tax revenues include personal, corporate and non-resident income tax revenues, and other taxes and duties as summarized in Table 3.2.

### TABLE 3.2

TAX REVENUES

(in millions of dollars)

| | 2010-2011 | 2009-2010 |
|---|---|---|
| **Tax revenues—** | | |
| Income tax revenues— | | |
| Personal | 113,457 | 103,947 |
| Corporate | 29,969 | 30,361 |
| Non-resident | 5,137 | 5,293 |
| | ***148,563*** | ***139,601*** |
| Other taxes and duties— | | |
| Goods and services tax, Table 3.3 | 28,379 | 26,947 |
| Energy taxes— | | |
| Excise tax—Gasoline | 4,229 | 4,142 |
| Excise tax—Aviation gasoline and diesel fuel | 1,113 | 1,036 |
| | *5,342* | *5,178* |
| Customs import duties | 3,520 | 3,490 |
| Other excise taxes and duties— | | |
| Excise duties | 4,539 | 4,154 |
| Air travellers security charge | 600 | 375 |
| Softwood lumber products export charge | 233 | 227 |
| Other miscellaneous excise taxes and duties | 290 | 202 |
| | *5,662* | *4,958* |
| | ***42,903*** | ***40,573*** |
| Total tax revenues (1) | 191,466 | 180,174 |

(1) Additional details are provided in Table 4a in Section 1 of Volume II of the *Public Accounts of Canada*.

### Personal income tax

Personal income tax is levied on personal income under the provisions of the *Income Tax Act*.

### Corporate income tax

Corporate income tax is levied on corporate income under the provisions of the *Income Tax Act*.

### Non-resident income tax

Non-resident income tax is levied on income earned in Canada by non-residents under the provisions of the *Income Tax Act*. This tax is derived from tax withheld from dividends, interest, rents, royalties, alimony, and income from estates and trusts paid to non-residents.

Non-resident income tax revenues also include withholding taxes on income earned in Canada by non-resident life insurance companies and income from trusts.

### Other taxes and duties

Other taxes and duties are collected under the *Excise Tax Act*, *Customs Tariff* (Act) and other acts and include the goods and services tax, energy taxes, customs import duties, and other excise taxes and duties.

*Goods and services tax*

The goods and services tax (GST) became effective January 1, 1991. The GST is applied at a rate of 5 percent on most goods and services consumed in Canada, with only a limited set of exclusions that include certain medical devices, prescription drugs, basic groceries, residential rents and most health and dental care services. A comparative analysis of the GST is presented in Table 3.3.

### TABLE 3.3
### GOODS AND SERVICES TAX (GST) (1)

(in millions of dollars)

| | 2010-2011 | 2009-2010 |
|---|---|---|
| GST | 33,913 | 31,763 |
| Less: remission order for the GST paid and accrued by ministries on or for goods and services purchased from outside parties | 1,743 | 1,147 |
| Gross GST from outside parties | 32,170 | 30,616 |
| Less: quarterly tax credits | 3,791 | 3,669 |
| Net GST from outside parties | 28,379 | 26,947 |

(1) Reported in the Statement of Operations and Accumulated Deficit (Section 2 of this volume)

*Energy taxes*

Energy taxes primarily include the excise tax on gasoline, aviation gas and diesel fuel.

*Customs import duties*

Revenues from customs import duties consist mainly of ad valorem taxes on the importation of goods levied under the *Customs Tariff* (Act).

*Other excise taxes and duties*

Excise taxes and duties are levied on alcoholic beverages and tobacco products. In addition, excise taxes are imposed on other items such as passenger vehicle air conditioners. The air travelers security charges are collected by air carriers at the time of payment for the air travel by the purchaser of an air transportation service.

The Softwood Lumber Products export charge is assessed on exports of softwood lumber products to the United States after September 30, 2006. The charge on refunds of softwood lumber duty deposits is assessed on amounts refunded to Canadian companies on amounts related to a United States duty order related to the importation of softwood lumber products into the United States between May 22, 2002 and September 30, 2006.

## Employment Insurance Premiums

Premiums from employees and employers are levied under the provisions of the *Employment Insurance Act* and are classified as part of revenues. Additional details on employment insurance premiums are provided in Section 4 of this volume.

## Other Revenues

Other revenues include Crown corporations, other program and net foreign exchange revenues.

### TABLE 3.4

### OTHER REVENUES

(in millions of dollars)

| | 2010-2011 | 2009-2010 |
|---|---|---|
| ***Other revenues*—** | | |
| Crown corporations— | | |
| Consolidated Crown corporations | 3,347 | 3,070 |
| Enterprise Crown corporations and other government business enterprises— | | |
| Share of annual profit | 6,991 | 2,306 |
| Interest and other | 2,599 | 2,246 |
| | *12,937* | *7,622* |
| Other programs— | | |
| Return on investments, Table 3.5 | 837 | 788 |
| Sales of goods and services— | | |
| Rights and privileges | 2,839 | 3,121 |
| Lease and use of public property | 526 | 515 |
| Services of a regulatory nature | 1,187 | 1,118 |
| Services of a non-regulatory nature | 2,734 | 2,826 |
| Sales of goods and information products | 212 | 243 |
| Other fees and charges | 502 | 494 |
| | *8,000* | *8,317* |
| Miscellaneous— | | |
| Interest and penalties | 3,207 | 3,001 |
| Other | 1,334 | 790 |
| | *13,378* | *12,896* |
| Net foreign exchange— | | |
| Exchange Fund Account | 1,718 | 1,665 |
| International Monetary Fund | (7) | (156) |
| Other | 98 | 138 |
| | *1,809* | *1,647* |
| Total other revenues [1] | 28,124 | 22,165 |

[1] Additional details are provided in Table 4a in Section 1 of Volume II of the *Public Accounts of Canada*.

### Crown corporations

Crown corporation revenues include revenues earned from third parties by Consolidated Crown corporations and other entities, interest earned on loans to enterprise Crown corporations and other government business enterprises, and the government's share of the accumulated profits or losses of enterprise Crown corporations and other government business enterprises.

### Other programs

Other program revenues include sales of goods and services, return on investments, and miscellaneous revenues. Details are reported by individual ministry in Volume II of the *Public Accounts of Canada*.

### Net foreign exchange

Net foreign exchange revenues include the revenues from investments held in the Exchange Fund Account and the International Monetary Fund, as well as the net gains or losses resulting from the translation of these investments to Canadian dollars at March 31. Net foreign exchange revenues also include the net gains or losses resulting from foreign debt and currency swap revaluations.

### Return on investments

Return on investments consists mainly of interest from loans and advances, dividends from investments, and transfer of profits and surpluses for loans, investments and advances other than those in enterprises Crown corporations and government business enterprises. A comparative analysis of return on investments is presented in Table 3.5.

## TABLE 3.5

## RETURN ON INVESTMENTS [1]

(in millions of dollars)

| | 2010-2011 | 2009-2010 |
|---|---|---|
| Consolidated accounts – | | |
| Atomic Energy of Canada Limited | [2] | [2] |
| Cash and accounts receivable – | | |
| Interest on bank deposits | 85 | 83 |
| Loans, investments and advances – | | |
| Portfolio investments | 1 | 2 |
| National governments including developing countries | 2 | 2 |
| International organizations | 3 | 4 |
| Provincial and territorial governments | [2] | [2] |
| Other loans, investments and advances | 747 | 1,064 |
| | 753 | 1,072 |
| Other accounts – | | |
| Esso Ltd. – Norman Wells Project profits | 102 | 74 |
| Other | 1 | 2 |
| | 103 | 76 |
| Total ministerial return on investments | 941 | 1,231 |
| Net (loss) gain on exchange | (117) | (961) |
| Accrual of other revenues | [2] | 19 |
| Total return on investments | 824 | 289 |
| Elimination of return on investments internal to the Government | 13 | (1) |
| Total external return on investments | 837 | 288 |

[1] Additional details are provided in Table 4a in Section 1 of Volume II, and in Section 10 of Volume III of the *Public Accounts of Canada*.
[2] Less than $500,000.

# EXPENSES

Expenses consist of all charges which enter into the calculation of the annual deficit or surplus of the Government.

## Accounting for Expenses

The Government reports all expenses on an accrual basis.

Expenses for Government operations are recorded when goods are received or services are rendered. Transfer payments are recorded as expenses when the recipient has met the eligibility criteria or fulfilled the terms of a contractual transfer agreement, or, in the case of transactions which do not form part of an existing program, when the Government announces a decision to make a non-recurring transfer, provided the enabling legislation or authorization for payment receives parliamentary approval prior to the completion of the financial statements. Public debt charges are recorded when incurred and include interest, servicing costs and cost of issuing new borrowing and amortization of premiums and discounts on market debt.

Expenses include provisions to reflect changes in the value of assets or liabilities, including provisions for bad debts, for loans, investments and advances, and for inventory obsolescence. Expenses also include amortization of tangible capital assets and utilization of inventories and prepaid expenses.

On a day-to-day basis, organizations within the Government entity transact with each other and thus contribute to the amounts of revenues and expenses recorded in the accounts. In preparing the financial statements, these "internal transactions" are eliminated so as to report on the basis of transactions with outside parties only.

Table 3.6 presents external expenses by segment and by type.

## TABLE 3.6

EXTERNAL EXPENSES BY SEGMENT AND BY TYPE

(in millions of dollars)

| | Major transfer payments[1] | | Other transfer payments | |
|---|---|---|---|---|
| | 2010-2011 | 2009-2010 | 2010-2011 | 2009-2010 |
| Ministries— | | | | |
| Agriculture and Agri-Food | | | 1,930 | 1,510 |
| Atlantic Canada Opportunities Agency | | | 238 | 256 |
| Canada Revenue Agency | 10,013 | 9,753 | 446 | 427 |
| Canadian Heritage | | | 1,078 | 1,181 |
| Citizenship and Immigration | | | 948 | 932 |
| Economic Development Agency of Canada for the Regions of Quebec | | | 311 | 249 |
| Environment | | | 134 | 116 |
| Finance | 51,037 | 55,067 | 1,862 | 680 |
| Fisheries and Oceans | | | 127 | 112 |
| Foreign Affairs and International Trade | | | 3,504 | 10,006 |
| Governor General | | | | |
| Health | 30 | 30 | 2,606 | 3,144 |
| Human Resources and Skills Development | 58,121 | 58,826 | 4,204 | 3,822 |
| Indian Affairs and Northern Development | | | 5,728 | 6,929 |
| Industry | | | 3,651 | 3,713 |
| Justice | | | 380 | 374 |
| National Defence | | | 266 | 236 |
| Natural Resources | | | 3,385 | 2,465 |
| Parliament | | | 1 | 1 |
| Privy Council | | | 31 | 27 |
| Public Safety and Emergency Preparedness | 154 | 20 | 380 | 186 |
| Public Works and Government Services | | | 4 | 1 |
| Transport | 1,751 | 1,873 | 4,694 | 2,551 |
| Treasury Board | | | 1 | 1 |
| Veterans Affairs | | | 44 | 42 |
| Western Economic Diversification | | | 390 | 341 |
| Provision for valuation and other items | | | | |
| Total ministries | 121,106 | 125,569 | 36,343 | 39,302 |
| Crown corporations and other entities | | | 477 | 590 |
| Total expenses[3] | 121,106 | 125,569 | 36,820 | 39,892 |

[1] Includes transfer payments for the Old age security benefits, guaranteed income supplement and spouse's allowance of $35,629 million ($34,653 million in 2010), to the other levels of government of $52,971 million ($56,990 million in 2010), for the Employment insurance benefits of $19,850 million ($21,586 million in 2010) and for the Children's benefits of $12,656 million ($12,340 million in 2010). Additional information is provided in Table 3.7 of this Section.

[2] Additional information is provided in Table 3.8 of this volume.

[3] Additional information is provided in Table 2a in Section 1 of Volume II of the *Public Accounts of Canada*.

| Total transfer payments | | Other program expenses | | Public debt charges(2) | | Total expenses | |
|---|---|---|---|---|---|---|---|
| 2010-2011 | 2009-2010 | 2010-2011 | 2009-2010 | 2010-2011 | 2009-2010 | 2010-2011 | 2009-2010 |
| 1,930 | 1,510 | 1,686 | 1,724 | | | 3,616 | 3,234 |
| 238 | 256 | 113 | 121 | | | 351 | 377 |
| 10,459 | 10,180 | 7,312 | 7,043 | | | 17,771 | 17,223 |
| 1,078 | 1,181 | 609 | 1,110 | | | 1,687 | 2,291 |
| 948 | 932 | 761 | 731 | | | 1,709 | 1,663 |
| | | | | | | | |
| 311 | 249 | 85 | 94 | | | 396 | 343 |
| 134 | 116 | 1,621 | 1,721 | 2 | 1 | 1,757 | 1,838 |
| 52,899 | 55,747 | 505 | 514 | 30,653 | 29,186 | 84,057 | 85,447 |
| 127 | 112 | 1,726 | 1,773 | | | 1,853 | 1,885 |
| 3,504 | 10,006 | 2,538 | 2,262 | | | 6,042 | 12,268 |
| | | 20 | 19 | | | 20 | 19 |
| 2,636 | 3,174 | 2,625 | 2,985 | | | 5,261 | 6,159 |
| 62,325 | 62,648 | 3,461 | 3,420 | | | 65,786 | 66,068 |
| 5,728 | 6,929 | 2,229 | 2,222 | | | 7,957 | 9,151 |
| 3,651 | 3,713 | 2,382 | 2,466 | | | 6,033 | 6,179 |
| 380 | 374 | 1,103 | 1,167 | | | 1,483 | 1,541 |
| 266 | 236 | 21,273 | 20,863 | 36 | 38 | 21,575 | 21,137 |
| 3,385 | 2,465 | 1,823 | 1,079 | 1 | | 5,209 | 3,544 |
| 1 | 1 | 555 | 580 | | | 556 | 581 |
| 31 | 27 | 349 | 332 | | | 380 | 359 |
| 534 | 206 | 9,426 | 9,745 | | | 9,960 | 9,951 |
| 4 | 1 | 2,558 | 2,645 | 138 | 146 | 2,700 | 2,792 |
| 6,445 | 4,424 | 1,140 | 1,065 | 41 | 43 | 7,626 | 5,532 |
| 1 | 1 | 2,378 | 2,300 | | | 2,379 | 2,301 |
| 44 | 42 | 965 | 982 | | | 1,009 | 1,024 |
| 390 | 341 | 68 | 67 | | | 458 | 408 |
| | | 1,808 | (335) | | | 1,808 | (335) |
| 157,449 | 164,871 | 71,119 | 68,895 | 30,871 | 29,414 | 259,439 | 263,180 |
| 477 | 590 | 10,547 | 10,428 | | | 11,024 | 11,018 |
| 157,926 | 165,461 | 81,666 | 79,323 | 30,871 | 29,414 | 270,463 | 274,198 |

## Expenses by Segment

The Government segmented information is based on the ministry structure reported in the 2010-2011 Estimates, which groups activities for the departments and agencies for which a Minister is responsible, and the Crown corporations and other entities as described in Note 11 to the financial statements in Section 2 of this volume.

## Government's Cost of Operations

Government's Cost of Operations consists of three major types: transfer payments, other program expenses and public debt charges.

### Transfer payments

The major transfer payments include payments to persons and payments to provinces and territories.

Payments to persons include payments for income support or income supplement. Assistance is based on age, family status, income, and employment criteria.

Payments to provinces and territories are made under the following programs:

- The fiscal arrangements are unconditional fiscal transfer payments to lower income provinces including subsidies under the Constitution Acts; and,
- The Canada health transfer and the Canada social transfer are the major means for providing the federal share of social programs administered by the provinces.

The other transfer payments include various subsidies paid through federal programs to stabilize market prices for commodities, for the development of new technologies, for the conduct of research, for the establishment of new jobs through support for training, for the promotion of educational and cultural activities, expenses of other consolidated entities, and other miscellaneous payments.

### Other program expenses

This category covers the costs associated with programs directly delivered by the federal Government such as national defence, food inspection, the Coast Guard, the federal court system, the operation of health facilities for natives and veterans, and the national parks system. It also includes the expenses of consolidated Crown corporations and other entities incurred with third parties.

Table 3.7 presents a comparative analysis by province and territory of certain transfer payments.

## TABLE 3.7
## MAJOR TRANSFER PAYMENTS BY PROVINCE AND TERRITORY

(in millions of dollars)

| | Old age security benefits [1] | Employment insurance benefits | Fiscal arran-gements | Quebec abatement | Canada health transfer | Canada social transfer | Other major transfers [2] | Children's benefits | Total |
|---|---|---|---|---|---|---|---|---|---|
| Newfoundland and Labrador | 716 | 1,034 | 2 | | 430 | 167 | 31 | | 2,380 |
| | *696* | *1,082* | *2* | | *515* | *163* | *581* | | *3,039* |
| Prince Edward Island | 177 | 252 | 334 | | 111 | 47 | 15 | | 936 |
| | *172* | *252* | *341* | | *105* | *45* | *36* | | *951* |
| Nova Scotia | 1,181 | 891 | 1,363 | | 733 | 310 | 56 | | 4,534 |
| | *1,154* | *898* | *1,467* | | *702* | *301* | *2* | | *4,524* |
| New Brunswick | 990 | 942 | 1,664 | | 585 | 247 | 36 | | 4,464 |
| | *963* | *947* | *1,691* | | *560* | *241* | *67* | | *4,469* |
| Quebec | 9,944 | 4,589 | 8,558 | (3,751) | 6,146 | 2,593 | 464 | | 28,543 |
| | *9,625* | *4,792* | *8,360* | *(3,299)* | *5,829* | *2,519* | *15* | | *27,841* |
| Ontario | 13,231 | 6,671 | 980 | | 10,551 | 4,330 | 3,746 | | 39,509 |
| | *12,826* | *7,609* | *355* | | *9,975* | *4,204* | *106* | | *35,075* |
| Manitoba | 1,293 | 566 | 2,004 | | 958 | 404 | 66 | | 5,291 |
| | *1,271* | *577* | *2,066* | | *907* | *392* | *59* | | *5,272* |
| Saskatchewan | 1,169 | 463 | 2 | | 803 | 343 | 56 | | 2,836 |
| | *1,158* | *479* | *2* | | *827* | *335* | *26* | | *2,827* |
| Alberta | 2,898 | 1,769 | 4 | | 2,007 | 1,215 | | | 7,893 |
| | *2,814* | *2,109* | *4* | | *1,956* | *1,189* | *95* | | *8,167* |
| British Columbia | 4,843 | 2,557 | 3 | | 3,633 | 1,487 | 1,020 | | 13,543 |
| | *4,670* | *2,728* | *3* | | *3,361* | *1,433* | *504* | | *12,699* |
| Total provinces | 36,442 | 19,734 | 14,914 | (3,751) | 25,957 | 11,143 | 5,490 | | 109,929 |
| | *35,349* | *21,473* | *14,291* | *(3,299)* | *24,737* | *10,822* | *1,491* | | *104,864* |
| Northwest Territories | 21 | 38 | 920 | | 21 | 14 | 15 | | 1,029 |
| | *20* | *37* | *864* | | *30* | *14* | *163* | | *1,128* |
| Nunavut | 9 | 22 | 1,090 | | 27 | 11 | 15 | | 1,174 |
| | *9* | *22* | *1,022* | | *28* | *11* | *461* | | *1,553* |
| Yukon Territory | 22 | 33 | 653 | | 26 | 11 | | | 745 |
| | *21* | *34* | *612* | | *25* | *11* | *8* | | *711* |
| International | 222 | 23 | | | | | | | 245 |
| | *218* | *20* | | | | | | | *238* |
| Sub-total | 36,716 | 19,850 | 17,577 | (3,751) | 26,031 | 11,179 | 5,520 | | 113,122 |
| | *35,617* | *21,586* | *16,789* | *(3,299)* | *24,820* | *10,858* | *2,123* | | *108,494* |
| Accrual and other adjustments | (26) | | | | | | (3,585) | | (3,611) |
| | *(10)* | | | | | | *5,699* | | *5,689* |
| Sub-total | 36,690 | 19,850 | 17,577 | (3,751) | 26,031 | 11,179 | 1,935 | | 109,511 |
| | *35,607* | *21,586* | *16,789* | *(3,299)* | *24,820* | *10,858* | *7,822* | | *114,183* |
| Add: tax credits and repayments | (1,061) | | | | | | | 12,656 | 11,595 |
| | *(954)* | | | | | | | *12,340* | *11,386* |
| Total Expenses | 35,629 | 19,850 | 17,577 | (3,751) | 26,031 | 11,179 | 1,935 | 12,656 | 121,106 |
| | *34,653* | *21,586* | *16,789* | *(3,299)* | *24,820* | *10,858* | *7,822* | *12,340* | *125,569* |

Amounts in roman type are 2010-2011 transfer payments.
Amounts in *italic* type are 2009-2010 transfer payments.
Certain comparative figures have been reclassified to conform to the current year's presentation.

[1] Includes the guaranteed income supplement and the spouse's allowance.

[2] Includes the contributions under the Gas Tax Fund of $1,751 million as well as payments to provinces for assistance with sales tax harmonization of $3,769 million previously accrued in 2009-2010.

### Public debt charges

Public debt charges include the interest on unmatured debt and on pensions, other future benefits and other liabilities, the amortization of premiums and discounts on unmatured debt, and the servicing costs and the costs of issuing new borrowings.

A comparative summary of public debt charges is presented in Table 3.8. The table also discloses the reconciling items between total public debt charges as reported in the ministerial section of the Department of Finance (Section 9) of Volume II and the total expenses of the public debt indicated in Table 3.6. The reconciling items include the expenses of the consolidated specified purpose accounts and accrual and other adjustments.

## TABLE 3.8

## PUBLIC DEBT CHARGES (1)

(in millions of dollars)

| | 2010-2011 | 2009-2010 |
|---|---|---|
| Unmatured debt – | | |
| Interest on: | | |
| Marketable bonds | 14,648 | 13,697 |
| Retail debt | 160 | 272 |
| Bonds for Canada Pension Plan | 12 | 52 |
| Euro medium term notes | | 2 |
| | *14,820* | *14,023* |
| Amortization of discounts on Canada and Treasury Bills | | |
| Treasury bills | 1,307 | 1,205 |
| Canada bills | 5 | 24 |
| | *1,312* | *1,229* |
| Amortization of premiums and discounts on all other debts | | |
| Marketable bonds | 1,148 | 1,130 |
| Consumer price index adjustments on real return bonds | 837 | 591 |
| | *1,985* | *1,721* |
| Cross-currency swap revaluation | (473) | (438) |
| Servicing costs and costs of issuing new borrowings | 17 | 32 |
| Capital lease obligations | 219 | 228 |
| Total public debt charges related to unmatured debt | 17,880 | 16,795 |
| Pension and other future benefits – | | |
| Interest on: | | |
| Public sector pensions – Superannuation accounts | 9,901 | 10,151 |
| Less: provision for pension adjustment | (190) | (374) |
| | *9,711* | *9,777* |
| Other employee and veteran future benefits – | | |
| Health and dental care plans | 898 | 803 |
| Severance benefits | 251 | 208 |
| Worker's compensation | 32 | 25 |
| Veteran benefit plan | 1,653 | 1,399 |
| Royal Canadian Mounted Police benefit plan | 154 | 131 |
| | *2,988* | *2,566* |
| Total public debt charges related to pension and other future benefits | 12,699 | 12,343 |
| Other liabilities – | | |
| Canada Pension Plan | 2 | 1 |
| Government Annuities Account | 16 | 17 |
| Deposit and trust accounts | 43 | 45 |
| Other specified purpose accounts | 200 | 197 |
| Other liabilities | 31 | 16 |
| Total public debt charges related to other liabilities | 292 | 276 |
| Consolidated specified purpose accounts – | | |
| Interest | 9 | 9 |
| Total public debt charges related to consolidated specified purpose accounts | 9 | 9 |
| Total public debt charges before consolidation adjustments | 30,880 | 29,423 |
| Less: consolidation adjustments | 9 | 9 |
| Total public debt charges (1) (2) | 30,871 | 29,414 |
| Comprised of: | | |
| Total public debt charges under statutory authorities before accrual and other adjustments and consolidation adjustments | 27,864 | 27,003 |
| Accrual and other adjustments | 3,016 | 2,420 |
| Consolidation adjustments | (9) | (9) |
| Total public debt charges | 30,871 | 29,414 |

(1) A summary is provided in Table 2a in Section 1 of Volume II of the *Public Accounts of Canada*.

(2) Additional details are provided in Section 7 of Volume III of the *Public Accounts of Canada*.

## Expenses by Object

Table 3.9 reconciles the total net expenditures by object initially recorded by departments under the partial accrual method of accounting to the total expenses which is based on the full accrual method of accounting. Reconciliation items represent the effect of consolidation and full accrual accounting.

### TABLE 3.9

TOTAL EXPENSES BY OBJECT [1]

(in millions of dollars)

| | Total net expenditures | Reconciliation | Total expenses |
|---|---|---|---|
| Transfer payments | 137,722 | 20,204 | 157,926 |
| Other program expenses | | | |
| Crown corporations [2] | | 10,154 | 10,154 |
| Personnel | 37,421 | 4,876 | 42,297 |
| Transportation and communications | 3,085 | (215) | 2,870 |
| Information | 300 | (25) | 275 |
| Professional and special services | 10,695 | (2,792) | 7,903 |
| Rentals | 2,721 | (985) | 1,736 |
| Repair and maintenance | 3,845 | (707) | 3,138 |
| Utilities, materials and supplies | 2,900 | (101) | 2,799 |
| Acquisition of land, buildings and works | 1,320 | (1,320) | |
| Acquisition of machinery and equipment | 5,089 | (5,089) | |
| Other subsidies and expenses | 10,187 | (4,531) | 5,656 |
| Amortization of tangible capital assets | | 4,756 | 4,756 |
| Net loss on disposal of assets | | 82 | 82 |
| Total other program expenses | 77,563 | 4,103 | 81,666 |
| Public debt charges | 27,864 | 3,007 | 30,871 |
| Total gross expenses | 243,149 | 27,314 | 270,463 |
| Less: revenues netted against expenditures | 10,154 | (10,154) | |
| Total expenses | 232,995 | 37,468 | 270,463 |

[1] Additional details are provided in Table 3a in Section 1 of Volume II of the *Public Accounts of Canada*.

[2] This amount differs from the expense shown on the Statement of Operations and Accumulated Deficit due to the amortization of tangible capital assets and the net loss on disposal of assets of consolidated Crown corporations, which have been reclassified within their respective object of expense.

## Expenditures under Statutory Authorities

Spending authorities provided by statutory authorities are for specified purposes and for such amounts and such time as the acts prescribe. These spending authorities do not generally lapse at the end of the year in which they were granted. Expenditures under such authorities account for more than two-thirds of the total program expenses each year.

Table 3.10 presents a comparative summary of the ministerial statutory expenditures.

## TABLE 3.10

## EXPENDITURES UNDER STATUTORY AUTHORITIES

(in millions of dollars)

| | 2010-2011 | | 2009-2010 [1] | |
|---|---|---|---|---|
| Public debt charges | | 27,864 | | 27,003 |
| Old age security payments (*Old Age Security Act*) | | 27,213 | | 26,391 |
| Canada health transfer (Part V.1 — *Federal-Provincial Fiscal Arrangements Act*) | 25,871 | | 24,331 | |
| Current or Previous Years' Budget Implementation Acts | 160 | | 489 | |
| | | 26,031 | | 24,820 |
| Fiscal equalization (Part I — *Federal-Provincial Fiscal Arrangements Act*) | | 14,882 | | 14,185 |
| Canada social transfer (Part V.1 — *Federal-Provincial Fiscal Arrangements Act*) | | 11,179 | | 10,858 |
| Current or Previous Years' Budget Implementation Acts | | | | |
| Guaranteed income supplement payments (*Old Age Security Act*) | | 7,901 | | 7,737 |
| Universal child care benefit (*Universal Child Care Benefit Act*) | | 2,651 | | 2,594 |
| Territorial financing (Part I.1 — *Federal-Provincial Fiscal Arrangements Act*) | | 2,664 | | 2,498 |
| Payments to the Newfoundland Offshore Petroleum Resource Revenues Fund | | 1,228 | | 1,181 |
| Canada Education Savings grant payments to Registered Education Savings Plans (RESPs) trustees on behalf of RESP beneficiaries to encourage Canadians to save for post-secondary education for their children | | 671 | | 616 |
| Allowance payments (*Old Age Security Act*) | | 541 | | 535 |
| Canada study grants to qualifying full and part-time students pursuant to the *Canada Student Financial Assistance Act* | | 621 | | 534 |
| Contribution payments for the AgriInsurance program | | 515 | | 503 |
| Improving Infrastructure at Universities and Colleges | | 256 | | 500 |
| Newfoundland fiscal equalization offset payments | | 642 | | 465 |
| Judges' salaries, allowances and annuities, annuities to spouses and children of judges and lump sum payments to spouses of judges who die while in office | | 443 | | 427 |
| Contribution payments for the AgriStability program | | 332 | | 419 |
| Losses on foreign exchange | | 408 | | 1,456 |
| Transitional assistance to provinces entering into the harmonized value-added tax framework (Part III.1 — *Federal-Provincial Fiscal Arrangements Act)* | | 3,769 | | 250 |
| The provision of funds for enhanced Employment Insurance benefits in accordance with the *Budget Implementation Act (2009)* | | 2,900 | | |
| Payments related to the direct financing arrangement under the *Canada Student Financial Assistance Act* | | 463 | | 236 |
| Infrastructure Stimulus Fund | | 1,462 | | 491 |

## TABLE 3.10

## EXPENDITURES UNDER STATUTORY AUTHORITIES—*Concluded*

(in millions of dollars)

| | 2010-2011 | | | 2009-2010 [1] | | |
|---|---|---|---|---|---|---|
| Superannuation, supplementary retirement benefits, death benefits and other pensions— [2] | | | | | | |
| Public Service— | | | | | | |
| Government's contributions to the Public Service pension plan and the Retirement Compensation Arrangements Account | 2,655 | | | 2,671 | | |
| Government's contribution as employer to the Employment Insurance Operating Account | 269 | | | 272 | | |
| Government's contributions to the Canada and the Quebec Pension Plans | 629 | | | 661 | | |
| Government's contributions to the Death Benefit Account | 12 | | | 11 | | |
| | | 3,565 | | | 3,615 | |
| Less: recoveries from revolving funds | | 128 | | | 134 | |
| | | | 3,437 | | | 3,481 |
| Canadian Forces— | | | | | | |
| Government's contribution to the Canadian Forces pension plan and the Retirement Compensation Arrangements Account | | 868 | | | 893 | |
| Statutory payments under the *Supplementary Retirement Benefits Act* | | 4 | | | 5 | |
| Government's contribution as employer to the Employment Insurance Operating Account | | 71 | | | 68 | |
| Government's contribution to the Canada and the Quebec Pension Plans | | 176 | | | 168 | |
| Government's contribution to the Death Benefit Account | | 2 | | | 3 | |
| | | | 1,121 | | | 1,137 |
| Royal Canadian Mounted Police— | | | | | | |
| Government's contribution to the Royal Canadian Mounted Police pension plan and the Retirement Compensation Arrangements Account | | 275 | | | 259 | |
| Statutory payments under the *Supplementary Retirement Benefits Act* | | 12 | | | 13 | |
| Government's contribution as employer to the Employment Insurance Operating Account | | 20 | | | 20 | |
| Government's contribution to the Canada and the Quebec Pension Plans | | 51 | | | 51 | |
| | | | 358 | | | 343 |
| All other statutory expenditures | | | 758 | | | 8,830 |
| **Total ministerial expenditures under statutory authorities** [3] | | | **140,310** | | | **137,490** |

[1] Certain comparative figures have been reclassified to conform to the current year's presentation.

[2] Details related to other pension accounts, such as the Members of Parliament Retiring Allowances Account, are not included.

[3] Additional information on the ministerial expenditures under statutory authorities are provided in Table 7 in Section 1 of Volume II of the *Public Accounts of Canada*.

This page has been intentionally left blank.

# SECTION 4

2010-2011

*PUBLIC ACCOUNTS OF CANADA*

# Consolidated Accounts

## CONTENTS

*Page*

Consolidated Crown corporations and other entities .......... 4.3
  - Summary financial statements of consolidated Crown corporations and other entities .......... 4.3
  - Borrowings by Consolidated Agent Crown corporations .......... 4.8
  - Contingent liabilities of consolidated Crown corporations and other entities .......... 4.8
  - Financial assistance under budgetary appropriations to consolidated Crown corporations .......... 4.9

Consolidated specified purpose accounts .......... 4.10
  - Insurance accounts .......... 4.12
  - Other consolidated specified purpose accounts .......... 4.13
  - Endowment principal .......... 4.14

Supplementary statement—
  - Employment Insurance Operating Account .......... 4.15

This page has been intentionally left blank.

# CONSOLIDATED CROWN CORPORATIONS AND OTHER ENTITIES

This section provides all related information on consolidated Crown corporations and other entities. Consolidated entities are those which rely on Government funding as their principal source of revenue and are controlled by the Government.

Consolidation involves the combination of the accounts of these corporations and other entities on a line-by-line and uniform basis of accounting and elimination of inter-organizational balances and transactions. Consequently, the corporations and other entities' accounts must be adjusted to the Government's basis of accounting. Most corporations and other entities follow Canadian generally accepted accounting principles (GAAP) for private sector.

## Summary Financial Statements of Consolidated Crown Corporations and Other Entities

The following tables display details of the assets, liabilities, revenues and expenses of the consolidated Crown corporations and other entities.

For those corporations and other entities having year ends other than March 31, the data are based on unaudited interim financial statements which have been prepared on a basis consistent with the most recent audited financial statements.

Tables 4.1 and 4.2 summarize the financial transactions and results of operations as reported by the consolidated Crown corporations and other entities.

Financial assets include cash and cash equivalents, receivables, loans and investments. Financial assets are segregated between third parties and Government, Crown corporations and other entities. The financial assets reported under Government, Crown corporations and other entities represent receivables, loans and investments between related parties. Non-financial assets represent the unexpensed portion of capital assets, inventories and prepayments such as buildings, machinery and equipment in use or under construction, inventories and other items of expenditure which will be expensed as these assets are used. Liabilities include payables, borrowings and other obligations. Liabilities are segregated between third parties and Government, Crown corporations and other entities. Borrowings from third parties represent long-term debts payable of the corporations and other entities. Other third party liabilities are amounts due for purchases, employee benefits, various accruals, capital leases and like items. The liabilities reported under Government, Crown corporations and other entities represent payables and borrowings between related parties.

Revenues are segregated between third parties and Government, Crown corporations and other entities. Government, Crown corporations and other entities' revenues are broken down further to identify revenues arising from normal operations and financial assistance received or receivable from the Government in respect of the current year's operations. Expenses are segregated between third parties and Government, Crown corporations and other entities. Equity transactions other than current year's net income or loss are segregated between equity adjustments and other, other comprehensive income or loss and equity transactions with the Government. Equity adjustments and other include prior period adjustments and other miscellaneous items recorded by the corporations and other entities. Other comprehensive income or loss comprises certain unrealized gains and losses on financial instruments that are recognized in comprehensive income, but excluded from net income. Upon realization, these gains and losses are included in net income. Equity transactions with the Government include dividends declared or transfers of profits to the Government, as well as capital transactions with the Government. The line "Conversion to the Government accounting basis for consolidation purposes" represents the adjustments required to bring the corporations and other entities' accounting policies in line with the Government's basis of accounting.

These tables present financial information on consolidated parent Crown corporations and other entities, as well as financial information on wholly-owned subsidiaries that are considered "deemed parent Crown corporations" and thus consolidated directly in the financial statements of the Government and excluded from the consolidated financial statements of their parent Crown corporations. The *President of the Treasury Board's Annual Report to Parliament on Crown Corporations and Other Corporate Interests of Canada* includes a complete list of all parent Crown corporations, wholly-owned subsidiaries, other subsidiaries and associates.

Consolidated Crown corporations are also categorized as being either agents or non-agents of the Crown. Agency status may be expressly stated in the incorporating legislation or conferred under the provisions of the *Government Corporations Operation Act*. In accordance with section 54 of the *Financial Administration Act*, the payment of all money borrowed by consolidated agent Crown corporations and interest thereon is a charge on and payable out of the Consolidated Revenue Fund. Table 4.3 summarizes such borrowings for the consolidated corporations and the changes for the year ended March 31, 2011. Contingent liabilities of consolidated corporations and other entities are presented in Table 4.4.

A summary of financial assistance under budgetary appropriations to consolidated Crown corporations for the year ended March 31, 2011 is provided in Table 4.5. Differences in figures reported in Table 4.2 and those reported in Table 4.5 result from the use of different accounting policies and from items in transit.

## TABLE 4.1

## FINANCIAL POSITION OF CONSOLIDATED CROWN CORPORATIONS AND OTHER ENTITIES — ASSETS, LIABILITIES AND EQUITY AS AT MARCH 31, 2011

(in thousands of dollars)

| | Assets | | | |
|---|---|---|---|---|
| | Financial | | | |
| Consolidated Crown corporations and other entities | Third parties | Government, Crown corporations and other entities | Non-financial | Total assets |
| **Crown corporations**[1] | | | | |
| Atomic Energy of Canada Limited | 457,133 | 24,823 | 565,990 | 1,047,946 |
| Canada Council for the Arts | 281,795 | 471 | 23,769 | 306,035 |
| Canada Development Investment Corporation<br>PPP Canada Inc | 413,929 | 358 | 916 | 415,203 |
| Canada Employment Insurance Financing Board | 476 | | 19 | 495 |
| Canada Lands Company Limited<br>Old Port of Montreal Corporation Inc | 6,511 | | 99,351 | 105,862 |
| Canada Mortgage and Housing Corporation<br>Minister's Account | | | | |
| Canadian Air Transport Security Authority | 8,313 | 69,727 | 407,954 | 485,994 |
| Canadian Broadcasting Corporation | 231,903 | 507 | 1,279,428 | 1,511,838 |
| Canadian Commercial Corporation | 637,808 | 6,818 | 2,223 | 646,849 |
| Canadian Dairy Commission<br>Dairy support operation financed by the Government of Canada | | | | |
| Canadian Museum for Human Rights | 83,146 | 12,405 | 151,093 | 246,644 |
| Canadian Museum of Civilization | 56,907 | 1,424 | 278,087 | 336,418 |
| Canadian Museum of Immigration at Pier 21 | 8,372 | 141 | 2,654 | 11,167 |
| Canadian Museum of Nature | 16,096 | 507 | 211,812 | 228,415 |
| Canadian Race Relations Foundation | 24,826 | 6 | 50 | 24,882 |
| Canadian Tourism Commission | 27,904 | 726 | 10,003 | 38,633 |
| Defence Construction (1951) Limited | 22,816 | 18,526 | 3,497 | 44,839 |
| Enterprise Cape Breton Corporation | 59,788 | 9,977 | 5,015 | 74,780 |
| Federal Bridge Corporation Limited, The[2] | 43,212 | 5,047 | 266,939 | 315,198 |
| First Nations Statistical Institute | 294 | | 40,395 | 40,689 |
| International Development Research Centre | 90,196 | 5,073 | 13,505 | 108,774 |
| Marine Atlantic Inc | 22,624 | 5,396 | 213,849 | 241,869 |
| National Arts Centre Corporation | 32,536 | 321 | 54,826 | 87,683 |
| National Capital Commission | 108,664 | 5,749 | 598,256 | 712,669 |
| National Gallery of Canada | 20,623 | 793 | 93,115 | 114,531 |
| National Museum of Science and Technology | 15,725 | 1,330 | 63,823 | 80,878 |
| Standards Council of Canada | 5,407 | 978 | 1,502 | 7,887 |
| Telefilm Canada | 6,830 | 17,290 | 5,060 | 29,180 |
| VIA Rail Canada Inc | 82,094 | 23,400 | 1,210,817 | 1,316,311 |
| Total – Crown Corporations | 2,804,804 | 256,737 | 5,607,924 | 8,661,565 |
| Conversion to the Government accounting basis for consolidation purposes | (22,773) | | (136,086) | (158,859) |
| Net Crown corporations on the Government accounting basis | 2,781,681 | 256,737 | 5,471,838 | 8,502,756 |
| **Other entities** | | | | |
| Aboriginal Healing Foundation | 376 | 33,076 | 350 | 33,802 |
| Canada Foundation for Innovation | 914,503 | 799,311 | 2,782 | 1,716,596 |
| Canada Foundation for Sustainable Development Technology | 388,783 | 46,250 | 915 | 435,948 |
| First Nations Market Housing Fund | 298,333 | 22,751 | 224 | 321,308 |
| Total – Other entities | 1,601,790 | 851,508 | 4,301 | 2,509,599 |
| Conversion to the Government accounting basis for consolidation purposes | 1,062 | (7,886) | (3) | (6,826) |
| Net other entities on the Government accounting basis | 1,602,852 | 843,622 | 4,298 | 2,502,933 |
| Total | 4,384,493 | 1,099,959 | 5,476,133 | 11,005,689 |

---

[1] All Crown corporations listed at the margin in this table are parent Crown corporations.

[2] The financial information of The Federal Bridge Corporation Limited is consolidated to include the figures of its subsidiaries The Jacques Cartier and Champlain Bridges Incorporated, the Seaway International Bridge Corporation Limited and the St. Mary's River Bridge Company.

| Liabilities | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Third parties | | | | | | | | |
| Borrowings | Other | Government, Crown corporations and other entities | Total liabilities | Accumulated profits (losses) | Contributed surplus | Capital stock | Equity of Canada | Total liabilities and equity |
| | 4,203,177 | 289,063 | 4,492,240 | (3,784,799) | 325,533 | 15,000 | (3,444,266) | 1,047,974 |
| | 101,680 | 758 | 102,438 | 153,597 | 50,000 | | 203,597 | 306,035 |
| | 2,923 | 411,544 | 414,467 | 736 | | | 736 | 415,203 |
| | 107 | 388 | 495 | | | | | 495 |
| | 12,721 | 91,481 | 104,202 | 1,660 | | | 1,660 | 105,862 |
| | 64,226 | 385,326 | 449,552 | 36,442 | | | 36,442 | 485,994 |
| 328,879 | 736,252 | 609,346 | 1,674,477 | (162,638) | | | (162,638) | 1,511,839 |
| 6,524 | 587,841 | 2,377 | 596,742 | 40,107 | 10,000 | | 50,107 | 646,849 |
| | 148,429 | 94,733 | 243,162 | 3,482 | | | 3,482 | 246,644 |
| | 21,947 | 245,153 | 267,100 | 28,450 | 40,868 | | 69,318 | 336,418 |
| | 3,093 | 1,907 | 5,000 | 6,167 | | | 6,167 | 11,167 |
| | 35,941 | 197,245 | 233,186 | (6,455) | 1,684 | | (4,771) | 228,415 |
| | 133 | | 133 | 749 | 24,000 | | 24,749 | 24,882 |
| | 14,599 | 22,377 | 36,976 | 1,657 | | | 1,657 | 38,633 |
| | 23,701 | 2,921 | 26,622 | 18,217 | | | 18,217 | 44,839 |
| | 407,027 | 5,048 | 412,075 | (337,295) | | | (337,295) | 74,780 |
| | 43,487 | 213,843 | 257,330 | 4,199 | 53,664 | | 57,863 | 315,193 |
| | 36,215 | 4,364 | 40,579 | 110 | | | 110 | 40,689 |
| | 38,875 | 23,295 | 62,170 | 46,604 | | | 46,604 | 108,774 |
| | (5,764) | 187,086 | 181,322 | (197,983) | | 258,530 | 60,547 | 241,869 |
| | 18,261 | 69,458 | 87,719 | (36) | | | (36) | 87,683 |
| | 88,272 | 293,497 | 381,769 | 370,880 | | | 370,880 | 752,649 |
| | 8,157 | 99,904 | 108,061 | 2,131 | 4,241 | | 6,372 | 114,433 |
| | 7,881 | 62,692 | 70,573 | 204 | 10,102 | | 10,306 | 80,879 |
| | 4,024 | 505 | 4,529 | 3,358 | | | 3,358 | 7,887 |
| | 3,977 | 3,263 | 7,240 | 41,929 | | | 41,929 | 49,169 |
| | 216,886 | 856,694 | 1,073,580 | 233,431 | | 9,300 | 242,731 | 1,316,311 |
| 325,403 | 6,834,068 | 4,174,268 | 11,333,739 | (3,495,096) | 520,092 | 282,830 | (2,692,174) | 8,641,565 |
| | (383,122) | (3,938,399) | (4,321,521) | 4,665,634 | (520,092) | (282,830) | 3,862,712 | (458,809) |
| 325,403 | 6,450,946 | 235,869 | 7,012,218 | 1,170,538 | | | 1,170,538 | 8,182,756 |
| | 749 | 34,956 | 35,705 | | | | | 35,705 |
| | 1,514 | 1,724,887 | 1,726,401 | | | | | 1,726,401 |
| | 867 | 435,081 | 435,948 | | | | | 435,948 |
| | 17,813 | 303,492 | 321,305 | | | | | 321,305 |
| | 20,943 | 2,498,416 | 2,519,359 | | | | | 2,519,359 |
| | (2) | (2,499,512) | (2,499,514) | 2,493,088 | | | 2,493,088 | (6,426) |
| | 20,941 | (1,096) | 19,845 | 2,493,088 | | | 2,493,088 | 2,512,933 |
| 325,403 | 6,471,887 | 234,773 | 7,032,063 | 3,663,626 | | | 3,663,626 | 10,695,689 |

## TABLE 4.2

## REVENUES, EXPENSES AND OTHER CHANGES IN EQUITY OF CONSOLIDATED CROWN CORPORATIONS AND OTHER ENTITIES FOR THE YEAR ENDED MARCH 31, 2011

(in thousands of dollars)

| | Revenues | | | |
|---|---|---|---|---|
| | | Government, Crown corporations and other entities | | |
| Consolidated Crown corporations and other entities | Third parties | Financial assistance | Other | Total |
| **Crown corporations** | | | | |
| Atomic Energy of Canada Limited | 506,285 | 775,439 | 353,932 | 1,635,656 |
| Canada Council for the Arts | 2,325 | 181,277 | 1,701 | 185,303 |
| Canada Development Investment Corporation | | | | |
| PPP Canada Inc. | 28 | 10,844 | 314 | 11,186 |
| Canada Employment Insurance Financing Board | | 1,425 | | 1,425 |
| Canada Lands Company Limited | | | | |
| Old Port of Montreal Corporation Inc. | 17,133 | 17,648 | 9,420 | 44,201 |
| Canada Mortgage and Housing Corporation | | | | |
| Minister's Account | | 2,963,436 | | 2,963,436 |
| Canadian Air Transport Security Authority | 1,389 | 512,249 | 86,191 | 599,829 |
| Canadian Broadcasting Corporation | 647,940 | 1,031,581 | 129,160 | 1,808,681 |
| Canadian Commercial Corporation | 1,594,226 | 15,482 | 4,181 | 1,613,889 |
| Canadian Dairy Commission | | | | |
| Dairy support operation financed by the Government of Canada | | 4,147 | | 4,147 |
| Canadian Museum for Human Rights | 36 | 16,072 | (2,451) | 13,657 |
| Canadian Museum of Civilization | 17,133 | 71,218 | 14,456 | 102,807 |
| Canadian Museum of Immigration at Pier 21 | 403 | 2,853 | 1 | 3,257 |
| Canadian Museum of Nature | 5,332 | 31,113 | 6,084 | 42,529 |
| Canadian Race Relations Foundation | 1,072 | | 6 | 1,078 |
| Canadian Tourism Commission | 12,883 | 106,817 | 1,661 | 121,361 |
| Defence Construction (1951) Limited | 210 | | 93,576 | 93,786 |
| Enterprise Cape Breton Corporation | 1,637 | 83,070 | | 84,707 |
| Federal Bridge Corporation Limited, The | 14,002 | 57,901 | 5,573 | 77,476 |
| First Nations Statistical Institute | | 2,469 | 108 | 2,577 |
| International Development Research Centre | 37,215 | 193,935 | 17,688 | 248,838 |
| Marine Atlantic Inc. | 101,206 | 124,370 | 20,800 | 246,376 |
| National Arts Centre Corporation | 20,590 | 36,354 | 7,965 | 64,909 |
| National Capital Commission | 24,646 | 83,406 | 31,016 | 139,068 |
| National Gallery of Canada | 7,869 | 51,395 | | 59,264 |
| National Museum of Science and Technology | 3,980 | 33,179 | 531 | 37,690 |
| Standards Council of Canada | 6,868 | 7,789 | 1,121 | 15,778 |
| Telefilm Canada | 19,162 | 105,604 | 1,312 | 126,078 |
| VIA Rail Canada Inc. | 280,370 | 267,189 | 51,955 | 599,514 |
| Total – Crown corporations | 3,323,940 | 6,788,262 | 836,301 | 10,948,503 |
| Conversion to the Government accounting basis for consolidation purposes | 18,236 | 917,191 | (351,970) | 583,457 |
| Total on the Government accounting basis | 3,342,176 | 7,705,453 | 484,331 | 11,531,960 |
| Consolidation adjustments | 5,140 | (7,705,453) | (484,331) | (8,184,644) |
| Net amount – Crown corporations | 3,347,316 | | | 3,347,316 |
| **Other entities** | | | | |
| Aboriginal Healing Foundation | | | 16,662 | 16,662 |
| Canada Foundation for Innovation | 26,394 | | 446,230 | 472,624 |
| Canada Foundation for Sustainable Development Technology | 12,194 | | 62,705 | 74,899 |
| First Nations Market Housing Fund | 10,619 | | 335 | 10,954 |
| Total – Other entities | 49,207 | | 525,932 | 575,139 |
| Conversion to the Government accounting basis for consolidation purposes | (4,042) | | (405,046) | (409,088) |
| Total on the Government accounting basis | 45,165 | | 120,886 | 166,051 |
| Consolidation adjustments | 23,405 | | (120,886) | (97,481) |
| Net amount – Other entities | 68,570 | | | 68,570 |
| Total | 3,415,886 | | | 3,415,886 |

The accompanying notes to Table 4.1 are an integral part of this table.

| Expenses | | | | | | | Equity transactions with the Government | | |
|---|---|---|---|---|---|---|---|---|---|
| Third parties | Government, Crown corporations and other entities | Total | Net income or (loss) | Equity beginning of year | Equity adjustments and other | Other comprehensive income or (loss) | Dividends | Capital | Equity end of year |
| 1,664,266 | 31,688 | 1,695,954 | (60,298) | (3,358,629) | | | | (25,339) | (3,444,266) |
| 231,428 | 399 | 231,827 | (46,524) | 261,471 | (64,500) | 53,150 | | | 203,597 |
| 9,372 | 2,056 | 11,428 | (242) | 978 | | | | | 736 |
| 1,181 | 244 | 1,425 | | | | | | | |
| 44,201 | | 44,201 | | 1,660 | | | | | 1,660 |
| 2,963,436 | | 2,963,436 | | | | | | | |
| 572,125 | 15,668 | 587,793 | 12,036 | 24,406 | | | | | 36,442 |
| 1,802,008 | 36,333 | 1,838,341 | (29,660) | (138,056) | 78 | 5,000 | | | (162,638) |
| 1,608,333 | 4,038 | 1,612,371 | 1,518 | 48,589 | | | | | 50,107 |
| 4,147 | | 4,147 | | | | | | | |
| 9,307 | 973 | 10,280 | 3,377 | 105 | | | | | 3,482 |
| 84,022 | 17,394 | 101,416 | 1,391 | 67,701 | | 226 | | | 69,318 |
| 1,241 | 363 | 1,604 | 1,653 | | 1 | | | 4,513 | 6,167 |
| 39,696 | 1,698 | 41,394 | 1,135 | (6,004) | | | | 98 | (4,771) |
| (65) | | (65) | 1,143 | 23,603 | | 3 | | | 24,749 |
| 119,521 | 1,483 | 121,004 | 357 | 1,300 | | | | | 1,657 |
| 88,738 | | 88,738 | 5,048 | 13,169 | | | | | 18,217 |
| 4,576 | 39,014 | 43,590 | 41,117 | (378,412) | | | | | (337,295) |
| 79,913 | | 79,913 | (2,437) | 59,986 | 314 | | | | 57,863 |
| 76 | 2,611 | 2,687 | (110) | 249 | (29) | | | | 110 |
| 219,099 | | 219,099 | 29,739 | 16,829 | 30 | 6 | | | 46,604 |
| 224,779 | | 224,779 | 21,597 | 38,950 | | | | | 60,547 |
| 62,017 | 2,780 | 64,797 | 112 | (440) | | 292 | | | (36) |
| 127,612 | 13,683 | 141,295 | (2,227) | 370,157 | 2,950 | | | | 370,880 |
| 50,926 | 8,317 | 59,243 | 21 | 5,465 | | 886 | | | 6,372 |
| 32,573 | 4,673 | 37,246 | 444 | 9,862 | | | | | 10,306 |
| 14,942 | 32 | 14,974 | 804 | 2,541 | | 13 | | | 3,358 |
| 124,690 | 3,948 | 128,638 | (2,560) | 44,489 | | | | | 41,929 |
| 562,367 | 18,459 | 580,826 | 18,688 | 215,366 | 8,677 | | | | 242,731 |
| 10,746,527 | 205,854 | 10,952,381 | (3,878) | (2,674,665) | (52,479) | 59,576 | | (20,728) | (2,692,174) |
| (173,657) | 254,682 | 81,025 | 502,432 | 3,346,649 | 52,479 | (59,576) | | 20,728 | 3,862,712 |
| 10,572,870 | 460,536 | 11,033,406 | 498,554 | 671,984 | | | | | 1,170,538 |
| (26,034) | (460,536) | (486,570) | (7,698,074) | | 7,698,074 | | | | |
| 10,546,836 | | 10,546,836 | (7,199,520) | 671,984 | 7,698,074 | | | | 1,170,538 |
| 16,662 | | 16,662 | | | | | | | |
| 472,443 | 181 | 472,624 | | | | | | | |
| 74,899 | | 74,899 | | | | | | | |
| 10,619 | 335 | 10,954 | | | | | | | |
| 574,623 | 516 | 575,139 | | | | | | | |
| | (94) | (94) | (408,994) | 2,902,082 | | | | | 2,493,088 |
| 574,623 | 422 | 575,045 | (408,994) | 2,902,082 | | | | | 2,493,088 |
| (98,045) | (422) | (98,467) | 986 | | (986) | | | | |
| 476,578 | | 476,578 | (408,008) | 2,902,082 | (986) | | | | 2,493,088 |
| 11,023,414 | | 11,023,414 | (7,607,528) | 3,574,066 | 7,697,088 | | | | 3,663,626 |

## Borrowings by Consolidated Agent Crown Corporations

Table 4.3 summarizes the borrowing transactions by consolidated agent Crown corporations made on behalf of Her Majesty. This information is published to satisfy section 49 of the *Financial Administration Act* (FAA) which requires that an annual statement be included in the *Public Accounts of Canada*. The borrowings are from lenders other than the Government. In accordance with section 54 of the FAA, the payment of all money borrowed by agent Crown corporations and interest thereon is a charge on and payable out of the Consolidated Revenue Fund. Such borrowings are consolidated in the summary financial statements of Canada.

### TABLE 4.3

BORROWINGS BY CONSOLIDATED AGENT CROWN CORPORATIONS

(in thousands of dollars)

| | Balance April 1/2010 | Borrowings and other credits | Repayments and other charges | Balance March 31/2011 |
|---|---|---|---|---|
| Canadian Broadcasting Corporation | | 318,879 | | 318,879 |
| Canadian Commercial Corporation | 17,935 | 7,032 | 18,443 | 6,524 |
| Total | 17,935 | 325,911 | 18,443 | 325,403 |

## Contingent Liabilities of Consolidated Crown Corporations and Other Entities

Table 4.4 summarizes the contingent liabilities of the consolidated Crown corporations and other entities. A contingent liability is defined as a potential liability which may become an actual liability when one or more future events occur or fail to occur.

### TABLE 4.4

CONTINGENT LIABILITIES OF CONSOLIDATED CROWN CORPORATIONS AND OTHER ENTITIES

(in thousands of dollars)

| | March 31, 2011 |
|---|---|
| **Agent Crown corporations** | |
| Canadian Broadcasting Corporation – Financial guarantee | 187,800 |
| Defence Construction (1951) Limited – Claims and pending and threatened litigation | 7,861 |
| National Capital Commission: | |
| Remediation of contaminated sites | 494,889 |
| Claims and pending and threatened litigation | 2,491 |
| **Non-agent Crown corporations** | |
| Marine Atlantic Inc. – Letters of credit | 35,622 |
| Total | 728,663 |

## Financial Assistance under Budgetary Appropriations to Consolidated Crown Corporations

Table 4.5 summarizes financial assistance under budgetary appropriations for both consolidated agent and non-agent Crown corporations. It should be read in conjunction with Table 4.2. The purpose for which payments have been made under budgetary appropriations is segregated between: *(a)* amounts approved through an operating expenditures vote and *(b)* amounts approved through a capital expenditures vote.

All amounts reported represent charges to appropriations or authorities approved by Parliament.

Differences in figures reported in Table 4.2 and those reported in Table 4.5 result from the use of different accounting policies and from items in transit.

Payments to other entities are recorded as transfer payments and are disclosed in Volume II.

### TABLE 4.5

### FINANCIAL ASSISTANCE UNDER BUDGETARY APPROPRIATIONS TO CONSOLIDATED CROWN CORPORATIONS FOR THE YEAR ENDED MARCH 31, 2011

(in thousands of dollars)

| | Operating expenditures vote | Capital expenditures vote | Financial assistance under budgetary appropriations[1] |
|---|---|---|---|
| **Agent Crown corporations** | | | |
| Atomic Energy of Canada Limited[2] | 771,452 | | 771,452 |
| Canada Mortgage and Housing Corporation[3] | 2,963,436 | | 2,963,436 |
| Canadian Air Transport Security Authority | 573,146 | | 573,146 |
| Canadian Broadcasting Corporation | 1,035,581 | 101,564 | 1,137,145 |
| Canadian Commercial Corporation | 15,482 | | 15,482 |
| Canadian Dairy Commission | 4,147 | | 4,147 |
| Canadian Museum for Human Rights | 56,073 | | 56,073 |
| Canadian Museum of Civilization | 71,218 | | 71,218 |
| Canadian Museum of Immigration at Pier 21 | 4,576 | | 4,576 |
| Canadian Museum of Nature | 33,282 | | 33,282 |
| Canadian Tourism Commission | 108,565 | | 108,565 |
| Enterprise Cape Breton Corporation | 83,070 | | 83,070 |
| Federal Bridge Corporation Limited, The | 90,416 | | 90,416 |
| National Capital Commission | 83,467 | 74,848 | 158,315 |
| National Gallery of Canada | 43,102 | 8,000 | 51,102 |
| National Museum of Science and Technology | 35,371 | | 35,371 |
| Old Port of Montreal Corporation Inc. | 28,987 | | 28,987 |
| Telefilm Canada | 103,953 | | 103,953 |
| Total – Agent Crown corporations | 6,105,324 | 184,412 | 6,289,736 |
| **Non-agent Crown corporations** | | | |
| Canada Council for the Arts | 181,638 | | 181,638 |
| First Nations Statistical Institute | 2,615 | | 2,615 |
| International Development Research Centre | 195,917 | | 195,917 |
| Marine Atlantic Inc. | 210,927 | | 210,927 |
| National Arts Centre Corporation | 36,131 | | 36,131 |
| PPP Canada Inc | 253,500 | | 253,500 |
| Standards Council of Canada | 7,789 | | 7,789 |
| VIA Rail Canada Inc. | 527,200 | | 527,200 |
| Total – Non-agent Crown corporations | 1,415,717 | | 1,415,717 |
| Total | 7,521,041 | 184,412 | 7,705,453 |

(1) Excludes grants and contributions paid to agent and non-agent consolidated Crown corporations where they qualify as members of a general class of recipients.

(2) The financial assistance under budgetary appropriations does not include an amount of $125,804,000 received by Atomic Energy of Canada Limited for Decommissioning Funding. This amount has been presented as Other Revenues from Government, Crown corporations and other entities in Table 4.2.

(3) Includes budgetary appropriations for Government programs known as the "Minister's Account".

## CONSOLIDATED SPECIFIED PURPOSE ACCOUNTS

Consolidated specified purpose accounts are particular categories of revenues and expenses whereby legislation requires that revenues received for purposes specified in the legislation be credited to these accounts and that related payments be charged to the accounts. They are principally used where the activities are similar in nature to departmental activities and the transactions do not represent future liabilities to third parties but in essence constitute Government revenues and expenses.

The transactions of these accounts are reported with revenues and expenses, in order to provide a more comprehensive reporting of the Government's operating results.

Further, enabling legislation requires that the transactions in each of these accounts be accounted for separately. Table 4.6 presents a summary of the balances and transactions of these accounts, in the manner required by legislation. A narrative description is provided for accounts reported in Table 4.6. Such description follows the same presentation order as the respective table.

The financial statements of the Employment Insurance Operating Account, together with the Independent Auditor's Report thereon, are presented at the end of this section.

### TABLE 4.6

CONSOLIDATED SPECIFIED PURPOSE ACCOUNTS

| | | Revenues and other credits | | Expenses and other debits | | |
|---|---|---|---|---|---|---|
| | April 1/2010 | External transactions | Internal transactions | External transactions | Internal transactions | March 31/2011 |
| | $ | $ | $ | $ | $ | $ |
| Insurance accounts | | | | | | |
| Agriculture and Agri-Food | | | | | | |
| Crop Reinsurance Fund | 439,741,092 | 37,124,850 | | | 27,620,000 | 449,245,942 |
| Less: interest-bearing loans | 387,614,751 | | | | 27,620,000 | 359,994,751 |
| | *52,126,341* | *37,124,850* | | | | *89,251,191* |
| Agricultural Commodities Stabilization Accounts | 646,565 | | | 55 | | 646,510 |
| | *52,772,906* | *37,124,850* | | *55* | | *89,897,701* |
| Finance | | | | | | |
| Investors' Indemnity Account | 45,303 | | | | | 45,303 |
| Health | | | | | | |
| Health Insurance Supplementary Account | 28,386 | | | | | 28,386 |
| Human Resources and Skills Development | | | | | | |
| Employment Insurance Operating Account, Table 4.7 | (4,935,692,922) | 17,558,874,241 | 1,788,914,294 | 20,090,442,391 | 1,719,047,743 | (7,397,394,521) |
| Natural Resources | | | | | | |
| Canadian Nuclear Safety Commission | | | | | | |
| Nuclear Liability Reinsurance Account | 2,240,491 | 281,435 | | | | 2,521,926 |
| Transport | | | | | | |
| Ship-Source | | | | | | |
| Oil Pollution Fund | 388,870,097 | 344 | 9,389,478 | 4,702,967 | 1,031,935 | 392,525,017 |
| Total insurance accounts | (4,491,735,739) | 17,596,280,870 | 1,798,303,772 | 20,095,145,413 | 1,720,079,678 | (6,912,376,188) |

## TABLE 4.6

## CONSOLIDATED SPECIFIED PURPOSE ACCOUNTS—*Concluded*

| | | Revenues and other credits | | Expenses and other debits | | |
|---|---|---|---|---|---|---|
| | April 1/2010 | External transactions | Internal transactions | External transactions | Internal transactions | March 31/2011 |
| | $ | $ | $ | $ | $ | $ |
| Other consolidated specified purpose accounts— | | | | | | |
| Canadian Heritage— | | | | | | |
| National Battlefields Commission— | | | | | | |
| Trust Fund | 721,979 | 7,500 | 4,610 | 1,171 | | 732,918 |
| Environment— | | | | | | |
| Environmental Damages Fund | 1,932,150 | 730,087 | 372,848 | 670,727 | | 2,364,358 |
| Parks Canada Agency— | | | | | | |
| New Parks and Historic Sites Account | 21,366,306 | 1,688,666 | | 492,452 | 3,882,213 | 18,680,307 |
| | *23,298,456* | *2,418,753* | *372,848* | *1,163,179* | *3,882,213* | *21,044,665* |
| Finance— | | | | | | |
| Canadian Commercial Bank and Northland Bank Holdback Account | 246,223,464 | | | | | 246,223,464 |
| Fisheries and Oceans— | | | | | | |
| Supplementary Fish Fines Account | 1,345,999 | 174,835 | | 428,490 | | 1,092,344 |
| Indian Affairs and Northern Development— | | | | | | |
| Environmental Studies Research Fund | 2,536,288 | | 1,736,080 | | 2,100,000 | 2,172,368 |
| Natural Resources— | | | | | | |
| Environmental Studies Research Fund | 3,978,621 | 177,318 | | 532,401 | 242,239 | 3,381,299 |
| Public Works and Government Services— | | | | | | |
| Seized Property Proceeds Account | 59,979,013 | 28,674,810 | | 53,650,063 | | 35,003,760 |
| Transport— | | | | | | |
| Fines for the Transportation of Dangerous Goods | 817,921 | 31,500 | | | 190,565 | 658,856 |
| Total other consolidated specified purpose accounts | 338,901,741 | 31,484,716 | 2,113,538 | 55,775,304 | 6,415,017 | 310,309,674 |
| Endowment principal— | | | | | | |
| Environment— | | | | | | |
| Parks Canada Agency— | | | | | | |
| Mackenzie King trust account | 225,000 | | | | | 225,000 |
| Health— | | | | | | |
| Canadian Institutes of Health Research— | | | | | | |
| Endowments for Health Research | 140,267 | | | | | 140,267 |
| Industry— | | | | | | |
| National Research Council of Canada— | | | | | | |
| H.L. Holmes Fund | 4,514,973 | 115,660 | | | | 4,630,633 |
| Social Sciences and Humanities Research Council— | | | | | | |
| Queen's Fellowship Fund | 250,000 | | | | | 250,000 |
| | *4,764,973* | *115,660* | | | | *4,880,633* |
| Total endowment principal | 5,130,240 | 115,660 | | | | 5,245,900 |
| Total | (4,147,703,758) | 17,627,881,246 | 1,800,417,310 | 20,150,920,717 | 1,726,494,695 | (6,596,820,614) |

## Insurance Accounts

For the following Insurance Accounts, revenues and other credits from outside parties totalled $18,158 million ($16,894 million in 2010) while expenses and other debits to outside parties totalled $20,127 million ($21,824 million in 2010) and are reported as expenses in the Statement of Operations.

Revenues and other credits of $1,437 million ($1,892 million in 2010) and expenses and other debits of $1,720 million ($58,990 million in 2010) internal to the operations of the Government, have been eliminated in order to present transactions with outside parties.

### Crop Reinsurance Fund

This Fund, continued in the accounts of Canada pursuant to subsection 13(1) of the *Farm Income Protection Act*, provides insurance to participating provinces for deficits they might incur in their agriculture insurance funds. The Crop Reinsurance Fund currently operates under the authority of the *Farm Income Protection Act*.

The revenues of the Fund come from a percentage of total premiums collected by provinces for the purpose of insurance of agricultural production. Both the amount of revenue collected and expenditures from the Crop Reinsurance Fund paid to provinces are subject to the terms of reinsurance agreements. When there are insufficient revenues in the Crop Reinsurance Fund to make payments, the Minister of Finance may authorize an advance of additional funds to cover these obligations. These advances are recovered from future revenues. Currently, the interest rate earned on surpluses in the Crop Reinsurance Fund and the interest rate charged to advances to the Fund have been set by the Department of Finance at zero percent.

### Agricultural Commodities Stabilization Accounts

The purpose of these accounts was to reduce income loss to producers from market risks through stabilizing prices. Premiums were shared equally by the Government of Canada, the governments of participating provinces and participating producers.

These accounts are continued in the accounts of Canada pursuant to subsection 16(2) of the *Farm Income Protection Act*. Current activities are limited to collection of accounts receivable. The *Agricultural Stabilization Act*, under which the commodity accounts formerly operated, has been repealed and replaced by the *Farm Income Protection Act* effective April 1, 1991.

### Investors' Indemnity Account

Section 57 of the *Financial Administration Act* provides for this account, and for the crediting thereto of the sum of $25,000, such further amounts as are appropriated by Parliament for the purpose of this section, and any recovery of losses referred to in section 58 of the Act. This sum was increased to $50,000 by Treasury Board Submission No. 817667 dated December 12, 1991.

Section 58 of the Act states that the Minister may, in accordance with and subject to regulations, pay out of the account, any losses sustained by subscribers for Government securities, who have paid all or part of the purchase price but have not received the security or repayment of the amount so paid, and losses sustained by any person in the redemption of securities.

### Health Insurance Supplementary Account

This account was established pursuant to Vote L16b, *Appropriation Act No. 2, 1973*, to record payments in respect of persons who, through no fault of their own, have lost or been unable to obtain coverage for the insured health services under the *Canada Health Act*, and in accordance with the Federal-Provincial Agreement on Eligibility and Portability. Contributions are made by all provinces to the account in proportion to population and are matched by the Federal Government.

### Employment Insurance Operating Account

The *Employment Insurance Act* provides for a compulsory contributory employment insurance program applicable to all employees and employers, with few exceptions.

The Act authorizes that an account be established in the accounts of Canada to be known as the "Employment Insurance Operating Account".

The Act provides that the following be credited to the Account: *(a)* premiums, penalties and interest; *(b)* refunds of overpayments of benefits and support measures under Part II of the Act; *(c)* repayments of overpayments made by the Commission under the Labour Market Development Agreements; *(d)* amounts for services rendered to other Government departments or agencies, or to the public; and, *(e)* amounts provided for any other purposes related to employment insurance and authorized by an appropriation administered by the Canada Employment Insurance Commission.

The Act also provides that the following be charged to the Account: *(a)* benefits, support measures and financial assistance provided under Part II of the Act; *(b)* contributions to provinces under the Labour Market Development Agreements; and, *(c)* costs of administering the Act including administration costs transferred to provinces and costs to the Canada Employment Insurance Financing Board.

Employee premium rate for each $100 of insurable earnings was $1.73 from January 1, 2010 to December 31, 2010 for employees without a Provincial Parental Insurance Plan and $1.36 for the others. From January 1, 2011 to March 31, 2011, the rate was $1.78 for employees without a Provincial Parental Insurance Plan and $1.41 for the others.

Table 4.7 presents a statement of the transactions in the Employment Insurance Operating Account.

## TABLE 4.7

### TRANSACTIONS IN THE EMPLOYMENT INSURANCE OPERATING ACCOUNT

(in millions of dollars)

| | 2010-2011 | 2009-2010 |
|---|---|---|
| REVENUE | | |
| Premiums | | |
| Employers and employees[1] | 17,862 | 17,121 |
| Penalties and interest revenue | 58 | 56 |
| | 17,920 | 17,177 |
| EXPENSES | | |
| Benefits | 17,401 | 19,253 |
| Transfers to the provinces | | |
| Part II | 2,449 | 2,333 |
| Administration costs | 1,715 | 1,849 |
| Administration cost transferred to provinces | 202 | 184 |
| Interest reversed | | 94 |
| Bad debts | 42 | 50 |
| | 21,809 | 23,763 |
| Net change before funding from the Government of Canada | (3,889) | (6,586) |
| FUNDING FROM THE GOVERNMENT OF CANADA | | |
| Benefit enhancement measures | | |
| Budget 2009 | 1,428 | 1,522 |
| Net change | (2,461) | (5,064) |
| Balance at beginning of year | (4,936) | 128 |
| Balance at end of year | (7,397) | (4,936) |

[1] The difference between premium revenue presented here and the amount presented in the Government of Canada financial statements is due to the elimination on consolidation of premiums incurred by the Government of Canada, for an amount of $361 million ($360 million in 2010).

### Nuclear Liability Reinsurance Account

This account was established pursuant to sections 16 and 17 of the *Nuclear Liability Act*, to record premiums and to provide for payment of claims arising from accidents at an insured facility.

### Ship-Source Oil Pollution Fund

This account was established pursuant to subsection 2001, c.6 of the *Marine Liability Act* (previously the *Canada Shipping Act*), to record levy tonnage payments for oil carried by ships in Canadian waters. Maritime pollution claims, the fee of the Fund Administrator, and related oil pollution control expenses, are to be financed out of the Fund.

## Other Consolidated Specified Purpose Accounts

For the following Other Specified Purpose Accounts, revenues and other credits from outside parties of $31 million ($34 million in 2010) are reported while expenses and other debits to outside parties of $56 million ($14 million in 2010) are reported in the Statement of Operations.

Revenues and other credits of $2 million ($3 million in 2010), and expenses and other debits of $6 million ($1 million in 2010) internal to the operations of the Government, have been eliminated in order to present transactions with outside parties.

### Trust Fund

This account was established at the creation of the National Battlefields Commission for the purpose of acquiring various properties for the development of the park. The funds are received by way of private contributions, from municipal corporations, provincial governments and others, and deposited for the purposes of the Commission, as prescribed for in its incorporation Act. Following the land acquisitions of the Commission, funds remained in the account and increased over a period of years as a result of interest earned, while the Commission was listed in Schedule C of the *Financial Administration Act*, prior to September 1, 1984.

### Environmental Damages Fund

This account was established for the management of court orders/awards or other financial compensation to Environment Canada for damages to the environment.

### New Parks and Historic Sites Account

This account was established pursuant to the *Parks Canada Agency Act* to record payments to be used to acquire lands or property required to establish any national park, national historic site or other protected heritage area that has not yet attained full operation status, and to make any related contributions.

### Canadian Commercial Bank and Northland Bank Holdback Account

This account was established to record the amount held from the recovery of monies received from the winding up of Canadian Commercial Bank and Northland Bank.

During the fiscal year, no claims have been received for potential payments from the holdback.

### Supplementary Fish Fines Account

The account was established to record the deposit of funds received from persons declared guilty of offences under the *Fisheries Act*, and fined by courts under paragraph 79(2) (f) of the Act.

### Environmental Studies Research Fund—Indian Affairs and Northern Development

This account was established pursuant to subsection 76(1) of the *Canada Petroleum Resources Act*. The purpose of the Fund is to finance environmental and social studies pertaining to the manner in which, and the terms and conditions under which, exploration development and production activities on frontier land, authorized under this Act or any other Act of Parliament, should be conducted.

### Environmental Studies Research Fund—Natural Resources

This account was established pursuant to subsection 76(1) of the *Canada Petroleum Resources Act*. The purpose of the Fund is to finance environmental and social studies pertaining to the manner in which, and the terms and conditions under which, exploration development and production activities on frontier land, authorized under this Act or any other Act of Parliament, should be conducted.

### Seized Property Proceeds Account

This account was established, pursuant to section 13 of the *Seized Property Management Act*, to record the net proceeds received from the disposition of seized and forfeited properties to Her Majesty or fines imposed and also funds received from the government of foreign states pursuant to agreements for the purpose of the Act. The Act also provides that the following be charged to the Account: operating expenses incurred in carrying out the purpose of the Act, amounts paid as a result of claims and repayments of advances from the Minister of Finance, interest on drawdown from Seized Property Working Capital Account and distribution of the proceeds to the relevant jurisdictions and the Consolidated Revenue Fund.

### Fines for the Transportation of Dangerous Goods

This account was established, pursuant to the *Transportation of Dangerous Goods Act 1992* and related regulations, to record fines levied by courts.

## Endowment Principal

For the following Endowment Principal Accounts, revenues and other credits from outside parties of $116,000 ($96,000 in 2010) are reported in the Statement of Operations and Accumulated Deficit.

### Mackenzie King trust account

The late The Right Hon W L Mackenzie King bequeathed Laurier House, Ottawa, and the sum of $225,000, to the Government of Canada. The amount of $225,000 was credited to the account and earns interest, in accordance with the terms of section 3 of the *Laurier House Act*. The interest is to be used to assist in the maintenance of the Laurier House, which is to be preserved as a place of historic interest, and also to provide accommodation for study and research.

### Endowments for Health Research

This account was established by section 29 of the *Canadian Institutes of Health Research Act* to record various endowments received from donors for the purpose of health research. The interest received is used for the payment of research grants.

### H.L. Holmes Fund

This account was established, pursuant to paragraph 5(1)(f) of the *National Research Council Act*, to record the residue of the estate of H.L. Holmes. Up to two thirds of the yearly net income from the fund shall be used to finance the H.L. Holmes Award on an annual basis. These awards will provide the opportunity to post-doctoral students to study at world famous graduate schools or research institutes under outstanding research persons.

### Queen's Fellowship Fund

This fund is an endowment of $250,000 that was established by Vote 45a, *Appropriation Act No. 5, 1973-74*. The interest earned is used for the payment of fellowships to graduate students in certain fields of Canadian studies.

# SUPPLEMENTARY STATEMENT

## Employment Insurance Operating Account

### MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The financial statements of the Employment Insurance Operating Account have been prepared in accordance with Canadian public sector accounting standards, by the management of the Canada Employment Insurance Commission.

Management is responsible for the integrity and objectivity of the information in the financial statements, including the amounts which must, of necessity, be based on best estimates and judgement. The significant accounting policies are identified in Note 2 to the financial statements.

In support of its responsibility, management has developed and maintains books of account, financial and management controls, information systems and management practices. These are designed to provide reasonable assurance as to the reliability of the financial information, and to ensure that the transactions are in accordance with the *Employment Insurance Act* and regulations, as well as the *Financial Administration Act* and regulations.

The Employment Insurance Operating Account's external auditor, the Auditor General of Canada, conducts an independent audit of the financial statements in accordance with Canadian generally accepted auditing standards and provides a report to the Minister of Human Resources and Skills Development.

The financial statements of the Employment Insurance Operating Account are an integral part of the *Public Accounts of Canada*, which are tabled in Parliament and referred to the Standing Committee on Public Accounts for examination purposes.

IAN SHUGART
*Chairperson of the Canada*
*Employment Insurance Commission*

ALFRED TSANG, CMA
*Chief Financial Officer*
*Human Resources and Skills*
*Development Canada*

Gatineau, Canada
August 31, 2011

## Employment Insurance Operating Account
*—Continued*

### INDEPENDENT AUDITOR'S REPORT

TO THE MINISTER OF HUMAN RESOURCES AND
SKILLS DEVELOPMENT

I have audited the accompanying financial statements of the Employment Insurance Operating Account, which comprise the statement of financial position as at 31 March 2011, and the statement of operations and accumulated deficit, statement of change in net debt and statement of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

*Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

*Auditor's Responsibility*

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

*Opinion*

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Employment Insurance Operating Account as at 31 March 2011, and the results of its operations, changes in its net debt, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

John Wiersema, FCA
Interim Auditor General of Canada

31 August 2011
Ottawa, Canada

## Employment Insurance Operating Account
*—Continued*

STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31
(in thousands of dollars)

| | 2011 | 2010 |
|---|---|---|
| Financial assets | | |
| Premiums receivable | 1,241,951 | 1,313,958 |
| Due from claimants (Note 3) | 600,641 | 567,335 |
| Amounts receivable (Note 4) | 173,929 | 1,647,553 |
| | 2,016,521 | 3,528,846 |
| Liabilities | | |
| Balance with Receiver General for Canada | 8,711,867 | 7,770,119 |
| Unredeemed warrants (Note 5) | 100,515 | 99,067 |
| Benefits payable | 561,355 | 537,912 |
| Amounts payable (Note 6) | 40,201 | 57,539 |
| | 9,413,938 | 8,464,637 |
| Net debt | (7,397,417) | (4,935,791) |
| Non-financial assets | | |
| Advances—Employment benefits and support measures | 22 | 83 |
| Accumulated deficit | (7,397,395) | (4,935,708) |

Contingent liabilities (Note 14)

The accompanying notes and schedules are an integral part of these financial statements.

Approved by:

IAN SHUGART
*Chairperson of the Canada*
*Employment Insurance Commission*

ALFRED TSANG, CMA
*Chief Financial Officer*
*Human Resources and Skills*
*Development Canada*

## Employment Insurance Operating Account
*—Continued*

### STATEMENT OF OPERATIONS AND ACCUMULATED DEFICIT
FOR THE YEAR ENDED MARCH 31
(in thousands of dollars)

| | 2011 | 2011 | 2010 |
|---|---|---|---|
| | Budget (Note 8) | Actual | Actual |
| Revenues | | | |
| Premiums (Note 9) | 18,167,000 | 17,861,609 | 17,120,839 |
| Penalties (Note 3) | 71,000 | 45,938 | 41,719 |
| Interest on overdue accounts receivable (Note 3) | | 11,130 | 12,875 |
| | 18,238,000 | 17,918,677 | 17,175,433 |
| Expenses | | | |
| Benefits and support measures (Note 11 and Schedule I) | 22,376,000 | 19,850,296 | 21,585,593 |
| Administration costs (Note 12) | 2,004,000 | 1,916,129 | 2,031,411 |
| Other | | | 93,980 |
| Bad debts | 42,000 | 41,854 | 49,983 |
| | 24,422,000 | 21,808,279 | 23,760,967 |
| Net deficit for the year before funding from the Government of Canada | (6,184,000) | (3,889,602) | (6,585,534) |
| Funding from the Government of Canada | | | |
| Benefit enhancement measures - Budget 2009 (Note 10) | 1,450,000 | 1,427,915 | 1,522,014 |
| Net deficit for the year | (4,734,000) | (2,461,687) | (5,063,520) |
| Accumulated (deficit) surplus at the beginning of the year | (4,935,708) | (4,935,708) | 127,812 |
| Accumulated deficit at the end of the year | (9,669,708) | (7,397,395) | (4,935,708) |

The accompanying notes and schedules are an integral part of these financial statements.

### STATEMENT OF CHANGE IN NET DEBT
FOR THE YEAR ENDED MARCH 31
(in thousands of dollars)

| | 2011 | 2011 | 2010 |
|---|---|---|---|
| | Budget (Note 8) | Actual | Actual |
| Net deficit for the year | (4,734,000) | (2,461,687) | (5,063,520) |
| Change due to advances - Employment benefits and support measures | | 61 | 2,905 |
| Increase in net debt | (4,734,000) | (2,461,626) | (5,060,615) |
| Net (debt) financial assets at beginning of year | (4,935,791) | (4,935,791) | 124,824 |
| Net debt at end of year | (9,669,791) | (7,397,417) | (4,935,791) |

The accompanying notes and schedules are an integral part of these financial statements.

## Employment Insurance Operating Account
*—Continued*

STATEMENT OF CASH FLOW
FOR THE YEAR ENDED MARCH 31
(in thousands of dollars)

| | 2011 | 2010 |
|---|---|---|
| Operating activities | | |
| Cash receipts: | | |
| Premiums | 17,933,616 | 17,069,638 |
| Recoveries of benefit overpayments and penalties | 334,944 | 346,457 |
| Benefit repayments received from higher income claimants | 199,894 | 165,950 |
| Funding from the Government of Canada— | | |
| Benefit enhancement measures—Budget 2009 | 2,900,000 | |
| | 21,368,454 | 17,582,045 |
| Cash payments: | | |
| Benefits and support measures | (20,379,575) | (22,230,430) |
| Administration costs | (1,932,075) | (2,019,921) |
| | (22,311,650) | (24,250,351) |
| Net decrease in cash and cash equivalents | (943,196) | (6,668,306) |
| Cash and cash equivalents | | |
| Beginning of year | (7,869,186) | (1,200,880) |
| End of year | (8,812,382) | (7,869,186) |
| Cash and cash equivalents at the end of the year are represented by | | |
| Balance with Receiver General for Canada | (8,711,867) | (7,770,119) |
| Unredeemed warrants | (100,515) | (99,067) |
| | (8,812,382) | (7,869,186) |

The accompanying notes and schedules are an integral part of these financial statements.

## Employment Insurance Operating Account
*—Continued*

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2011

1. Authority, objective and responsibilities

The Canada Employment Insurance Commission (the Commission), a departmental corporation named in Schedule II to the *Financial Administration Act*, administers the *Employment Insurance Act* (the Act). The Commission is co-managed by the Government, workers and employers. The objective of the Act is to provide short-term financial relief and other assistance to eligible workers. The financial transactions relating to this objective are reported through the Employment Insurance Operating Account.

The Employment Insurance Operating Account (the Account) was established in the accounts of Canada by the Act. All amounts received under the Act are deposited in the Consolidated Revenue Fund and credited to the Account. The benefits and the costs of administration of the Act are paid out of the Consolidated Revenue Fund and charged to the Account.

The Minister of National Revenue is responsible for collecting premiums from employers and employees, and for administering and enforcing the provisions of the Act relating to benefit repayments receivable from higher income claimants.

The Act authorizes the Government of Canada to enter into Labour Market Development Agreements with each province and territory on the design and delivery of the active employment benefits and support measures contained in the Act. During 2009-2010, all the remaining provinces and territories (Nova Scotia, Prince Edward Island, Newfoundland-and-Labrador and Yukon) which were still under a co-management agreement have implemented agreements with full responsibility to the provinces and territories for delivering the active employment benefits and support measures.

The Act also authorizes the Government of Canada to enter into a premium reduction agreement with a province, to allow for a regulatory scheme to make the necessary adjustments and modifications to the Act. This is required to harmonize it with a provincial law that has the effect of reducing or eliminating the special benefits payable under the Act.

Canada Employment Insurance Financing Board

The Canada Employment Insurance Financing Board (the Board) is a Crown corporation established by the *Canada Employment Insurance Financing Board Act* in June 2008. The Board reports to Parliament through the Minister of Human Resources and Skills Development. The Board became operational during the fiscal year 2009-2010.

The Board was created to improve the governance and management of Employment Insurance financing. Starting in 2011, the Board has been responsible for setting the Employment Insurance premium rate based on a new rate-setting mechanism. This mechanism is designed to ensure that Employment Insurance revenues and expenditures break even over time. The information provided in Schedule II for calendar year 2010, prepared in accordance with Canadian public sector accounting standards, will be used by the Board in establishing the premium rate. The Board is also responsible for maintaining a reserve and to manage any amounts paid to it under the *Employment Insurance Act* for future Employment Insurance purposes. The Board is also required to invest its financial assets with a view to meeting its financial obligations.

Human Resources and Skills Development Canada continues to have policy responsibility for Employment Insurance benefits as well as responsibility for program delivery to ensure that the Employment Insurance program is responsive to the needs of Canadians and that it is delivered efficiently and effectively.

2. Significant accounting policies

The Account is a component of the Government of Canada reporting entity. In this context, its operations are consolidated with those of the Government and are presented in the financial statements of the Government of Canada. The financial statements of the Account are also presented in Volume I of the *Public Accounts of Canada*.

*(a)* Basis of accounting

The financial statements are prepared in accordance with Canadian public sector accounting standards.

*(b)* Revenue—Premiums

Premiums are recognized as revenue in the period in which they are earned. Premiums earned in the period are measured from amounts assessed by the Canada Revenue Agency (CRA) and from estimates of amounts not assessed based on cash received. Premium revenue also includes adjustments between actual and estimated premiums of previous years.

*(c)* Funding from the Government of Canada—
Benefit enhancement measures

The funding associated with the benefit enhancement measures included in the Budget 2009 is recognized in the period in which the benefit expenditures are incurred.

## Employment Insurance Operating Account
*—Continued*

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2011—*Continued*

*(d)* Expenses—Benefits and support measures

Income benefits (or benefits under Part I of the Act) provide temporary income support to claimants, including self-employed fishers, while they look for work. This includes work-sharing agreements for temporary work shortages. It also includes special benefits such as maternity, parental, sickness and compassionate care benefits. Income benefits represent the amounts paid and payable to claimants for the period relating to the financial year, less benefit overpayments established by the Commission during the year.

Employment benefits and support measures (or benefits under Part II of the Act) provide financial assistance, namely contributions, to eligible persons to help them re-integrate into the labour market and to third parties to help them provide employment assistance services to unemployed workers and employed persons if they are facing a loss of their employment. These expenses include the direct costs of financial and employment assistance programs and related measures provided to eligible persons and third parties. Contributions are recognized in the year in which the recipient has met the eligibility criteria or fulfilled the terms of a contractual transfer agreement. Overpayments established during the year are deducted from these expenses. Part II expenses also include the transfer payments to the provinces and territories under the Labour Market Development Agreements.

Claimants with higher income levels than those stated in the Act have to repay benefits received. Estimated benefit repayments received or receivable from those claimants are deducted from benefits and support measures.

*(e)* Administration costs

The administration costs of the Act are based on a formula allocating the expenses between the Department of Human Resources and Skills Development and the Account. The expense allocation formula takes into consideration the source of funding, from the Account or from the Consolidated Revenue Fund. In addition, the administration costs incurred by the provinces and the territories to administer the Labour Market Development Agreements are included in the administration costs for the year based on provisions in the agreements.

*(f)* Cash and cash equivalents

Cash and cash equivalents consist of the balance with Receiver General for Canada and unredeemed warrants.

*(g)* Advances–Employment benefits and support measures

Advances for employment benefits and support measures are recorded as a non-financial asset on the statement of financial position and are charged to expenses upon utilization.

*(h)* Measurement uncertainty

The preparation of financial statements in accordance with Canadian public sector accounting standards requires that management makes estimates and assumptions that affect the reported amounts of assets and liabilities as at the date of the financial statements and revenue and expenses during the reporting period. The most significant estimates are related to premiums, administration costs, benefit repayments, allowance for doubtful accounts, benefit enhancement measures relating to work-sharing and the amounts presented in Schedule II. Actual results could differ significantly from these estimates.

*(i)* Canada Employment Insurance Financing Board

The financial statements of the Employment Insurance Operating Account do not include the operations of the Canada Employment Insurance Financing Board. However, as per section 77(1) of the *Employment Insurance Act*, the costs to the Board of administering the *Canada Employment Insurance Financing Board Act* are paid out of the Consolidated Revenue Fund and charged to the Account. These charges are included in the administration costs of the Account.

### 3. Due from claimants

| | 2011 | 2010 |
|---|---|---|
| | (in thousands of dollars) | |
| Benefit overpayments receivable | 527,596 | 503,357 |
| Amount of penalties receivable | 141,542 | 140,128 |
| | 669,138 | 643,485 |
| Less: allowance for doubtful accounts | 371,626 | 359,109 |
| | 297,512 | 284,376 |
| Estimated benefit repayments receivable from higher income claimants | 303,129 | 282,959 |
| | 600,641 | 567,335 |

The Commission detects overpayments on claims processed during the current and preceding years. These overpayments are accounted for by reducing the benefit expenses during the year in which they are established. During the year, overpayments totalling $333 million were established ($340 million in 2009-2010). Interest charges

## Employment Insurance Operating Account
*—Continued*

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2011—*Continued*

on overpayments totalled $8 million ($9 million in 2009-2010).

The Commission may impose penalties on a claimant or an employer when it becomes aware that information they have provided is false or misleading. The Act sets the maximum amounts that may be imposed in these cases. During the year, the Commission imposed penalties totalling $46 million ($42 million in 2009-2010). Interest charges on penalties totalled $3 million ($3 million in 2009-2010).

During 2010-2011, the Commission recovered $298 million ($307 million in 2009-2010) of benefit overpayments and $37 million ($39 million in 2009-2010) of penalties. Uncollectible benefit overpayments and penalties written off during the year amounted to $29 million ($50 million in 2009-2010).

The Commission establishes an allowance for doubtful accounts by aging the balance of the accounts receivable outstanding and by applying varying percentages based on past recovery experience to the aging categories so determined.

In accordance with Treasury Board regulations, the Account charges interest on outstanding employment insurance debts caused through misrepresentation.

### 4. Amounts receivable

| | 2011 | 2010 |
|---|---|---|
| | (in thousands of dollars) | |
| From Canada | | |
| Benefit enhancement measures Budget 2009 (Note 10) | 173,929 | 1,646,014 |
| Amounts to be recovered related to Labour Market Development Agreements | | 1,539 |
| | 173,929 | 1,647,553 |

### 5. Warrants

All amounts paid as or on account of benefits under the Act are paid by special warrants drawn on the Receiver General and issued by the Commission by electronic means or bearing the printed signature of the Chairperson and Vice-Chairperson of the Commission. The amount of unredeemed warrants reported in the statement of financial position, represents the warrants issued that are still outstanding at the end of the fiscal year.

### 6. Amounts payable

| | 2011 | 2010 |
|---|---|---|
| | (in thousands of dollars) | |
| To Canada | | |
| Administration costs | 24,711 | 46,782 |
| Tax deductions from warrants | 5,597 | 5,503 |
| Recoupments from warrants | 1,752 | 1,858 |
| Amounts payable related to Labour Market Development Agreements | 3,256 | |
| | 35,316 | 54,143 |
| To provinces | | |
| Recoupments from warrants | 1,365 | 1,304 |
| Quebec tax deductions from warrants | 984 | 886 |
| Amounts payable related to Labour Market Development Agreements | 2,536 | 1,206 |
| | 4,885 | 3,396 |
| | 40,201 | 57,539 |

### 7. Financial instruments

*Fair value*

The fair values of the balance with Receiver General for Canada, premiums receivable, due from claimants, amounts receivable, unredeemed warrants, benefits payable and amounts payable are considered by management to be comparable to their carrying values due to their short term to maturity. All of these financial instruments arose in the normal course of business.

### 8. Comparison of results against budget

The budget amounts included in the Statement of Operations and Accumulated Deficit and the Statement of Change in Net Debt are derived from the amounts that were originally budgeted in the Human Resources and Skills Development Canada Report on Plans and Priorities for 2010-2011, tabled in Parliament in March 2010.

### 9. Premiums

Premiums for the fiscal year are measured by the Canada Revenue Agency (CRA) based on amounts assessed and reassessed at the time of preparation of its financial statements and an estimate of premiums earned in the period but not yet assessed or reassessed. The estimate of premiums earned but not yet assessed or reassessed is based on cash amounts received at the time of preparation of the financial statements that relate to the fiscal year.

## Employment Insurance Operating Account
*—Continued*

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2011—*Continued*

Actual premiums may differ from these estimates. Actual premium revenue for calendar years 2010 and 2011 will only be known once the CRA has processed all employer declarations of premiums for these years. An adjustment for the difference between actual and estimated premiums will be recorded in the fiscal year in which the actual assessment or reassessment results are known.

Employers with qualified wage loss insurance plans are entitled to premium reductions. They are required to share this reduction with their employees. For the calendar year 2010, the total amount of reductions is estimated at $863 million ($817 million in 2009). Actual reductions for the calendar year 2009 were $839 million ($809 million in 2008). Employees insured under a qualified wage loss insurance plan are entitled to allowances because of illness, injury, pregnancy or child care, depending on the plan. These allowances have the effect of reducing the special benefits payable by the Account to the insured persons.

The premium rate for the calendar year 2009 was set by the Commission pursuant to section 66(1) of the Act. In setting the rates, the Commission relied on the principle that the premium rate should generate just enough premium revenue to cover the payments, including administration costs, to be made during that year based on forecast values of economic variables provided by the Minister of Finance, and in doing so, took into account the report of the chief actuary to the Commission and any public input. For the calendar year 2010, the premium rate was set by the Government as per section 66(4) of the Act. For the calendar year 2011, the premium rate was set by the Canada Employment Insurance Financing Board under section 66 of the *Employment Insurance Act*. Pursuant to section 66(8) of the Act, the Governor in Council, considering that it was in the public interest to do so, on the recommendation of the Minister of Human Resources and Skills Development and the Minister of Finance, changed the maximum percentage referred to in section 66(7) of the Act by which the premium rate may be increased or decreased from one year to the next. For 2011, the premium rate could not be increased by more than 0.05 percent.

For the following calendar years, premium rates for each $100 of insurable earnings were set at:

| | 2011 | 2010 | 2009 |
|---|---|---|---|
| | (in dollars) | | |
| Residents of provinces without a Provincial Plan | | | |
| For employees | 1.78 | 1.73 | 1.73 |
| For employers (calculated at 1.4 times the employee rate) | 2.49 | 2.42 | 2.42 |
| Residents of provinces with a Provincial Plan | | | |
| For employees | 1.41 | 1.36 | 1.38 |
| For employers (calculated at 1.4 times the employee rate) | 1.97 | 1.90 | 1.93 |

The annual maximum insurable earnings for 2011 is $44,200 ($43,200 in 2010 and $42,300 in 2009).

### 10. Benefit enhancement measures—Budget 2009

| | 2011 | 2010 |
|---|---|---|
| | (in thousands of dollars) | |
| Increase in regular benefits duration— Extra five weeks | 796,053 | 795,769 |
| Employment Insurance Training Programs— Labour Market Development Agreements increased funding | 500,000 | 500,000 |
| Work-sharing | 48,967 | 211,238 |
| New measures for long-tenured workers— Career transition assistance | 82,895 | 15,007 |
| | 1,427,915 | 1,522,014 |

The Budget 2009 included various temporary measures to support Canadian workers affected by the global economic downturn. The increase in the Regular Benefits Duration measure was implemented in March 2009. The other types of measures were implemented and began being paid to eligible claimants in 2009-2010. The cost of these enhancement measures is not funded from the Account. Pursuant to section 73.1 of the Act, an amount of $2.9 billion has been recovered from the Government of Canada in August 2010.

## Employment Insurance Operating Account
*—Continued*

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2011—*Concluded*

11. Estimated overpayments and underpayments of benefits

Given the large number of claimants to be monitored and the need for prompt service, the Commission applies a selective approach of control procedures. Therefore, the verification of claims is mainly done after claimants have begun to receive benefits.

In order to measure the effectiveness of the benefit payment process, the Commission has a program in place which estimates, through statistical extrapolation, the most likely value of incorrect benefit payouts. For benefits paid during the twelve months ended March 31, 2011, these undetected overpayments and underpayments are estimated to be $850 million and $219 million respectively ($520 million and $250 million for the twelve months ended March 31, 2010). These estimates are used by the Commission to assess the quality of decisions and the need, if any, to improve its systems and practices of processing claims.

The overpayments established during the year, as indicated in Note 3, are not directly linked to the above noted estimated overpayments and underpayments of benefits for the same period.

12. Administration costs

| | 2011 | 2010 |
|---|---|---|
| | (in thousands of dollars) | |
| Personnel related costs | 1,101,290 | 1,177,965 |
| Operations and maintenance | 285,824 | 350,716 |
| Administration costs incurred by provinces and territories under the Labour Market Development Agreements | 203,240 | 184,533 |
| Canada Revenue Agency administrative costs | 195,713 | 190,966 |
| Accommodation and rental costs | 136,221 | 133,832 |
| Canada Employment Insurance Financing Board | 1,649 | 277 |
| | 1,923,937 | 2,038,289 |
| Deduct: recovery of costs for maintaining the social insurance number registry and issuing replacement cards | (7,808) | (6,878) |
| | 1,916,129 | 2,031,411 |

13. Related party transactions

The Account is a component of the Government of Canada reporting entity and is therefore related to all departments, agencies and Crown corporations. The Account enters into transactions with these entities in the normal course of operations under the same terms and conditions that apply to unrelated parties. The transactions are measured at the exchange amount.

Related party transactions disclosed in these financial statements include administration costs of $136 million ($134 million in 2009-2010) charged by Public Works and Government Services Canada for accommodation and rental costs, and $196 million ($191 million in 2009-2010) by the Canada Revenue Agency for collecting premiums from employers and employees and other related activities. These costs are charged to the Account based on memoranda of understanding with the Department of Human Resources and Skills Development.

Employment Insurance premiums include the employer's share of premiums paid by the federal government of $361 million ($360 million in 2009-2010).

14. Contingent liabilities

In the normal course of the operations of the Account, numerous appeals against or by the Commission are presently outstanding. The outcome of these appeals is not presently determinable. Any claims resulting from the resolution of these appeals will be accounted for as an expense in the period in which the claim will be determinable. However, in the opinion of management, the result of these appeals should not have a significant impact on the operations of the Account.

15. Subsequent event

Subsequent to March 31, 2011, two Quebec Unions filed a claim with the Quebec Superior Court against Her Majesty the Queen contesting the constitutional validity of certain provisions of the *Jobs and Economic Growth Act* enacted in 2010 relating to amendments to the *Employment Insurance Act*. The outcome of this claim is not determinable at this time.

16. Comparative information

Certain comparative figures have been reclassified to conform to the current's year presentation.

## **Employment Insurance Operating Account**
*—Continued*

SCHEDULE I—BENEFITS AND SUPPORT MEASURES
FOR THE YEAR ENDED MARCH 31
(in thousands of dollars)

| | 2011 | 2011 | 2010 |
|---|---|---|---|
| | Budget (Note 8) | Actual | Actual |
| Part I – Income benefits | | | |
| Regular | 15,330,000 | 12,958,942 | 14,529,226 |
| Fishing | 269,000 | 254,463 | 258,069 |
| Work-sharing | 180,000 | 107,941 | 300,486 |
| | 15,779,000 | 13,321,346 | 15,087,781 |
| Special benefits | | | |
| Parental | 2,221,000 | 2,148,233 | 2,134,187 |
| Sickness | 1,068,000 | 1,050,969 | 1,023,783 |
| Maternity | 949,000 | 910,823 | 915,184 |
| Adoption | | 21,982 | 22,853 |
| Compassionate care | 10,000 | 10,910 | 9,857 |
| Self-employment | | 696 | |
| | 4,248,000 | 4,143,613 | 4,105,864 |
| | 20,027,000 | 17,464,959 | 19,193,645 |
| Part II – Employment benefits and support measures | | | |
| Employment benefits | | | |
| Skills development | | (1,358) | 59,943 |
| Self-employment | | (31) | 4,651 |
| Job creation partnerships | | (27) | 16,976 |
| Targeted wage subsidies | | (9) | 3,496 |
| Support measures | | | |
| Employment assistance | | (81) | 20,854 |
| Labour market partnerships | | 153,029 | 154,730 |
| Research and innovation | | 5,077 | 12,367 |
| | 175,000 | 156,600 | 273,017 |
| Transfer payments to provinces and territories related to Labour Market Development Agreements | 2,450,000 | 2,448,801 | 2,332,766 |
| | 2,625,000 | 2,605,401 | 2,605,783 |
| Benefits and support measures | 22,652,000 | 20,070,360 | 21,799,428 |
| Less: benefit repayments received or receivable from higher income claimants | 276,000 | 220,064 | 213,835 |
| | 22,376,000 | 19,850,296 | 21,585,593 |

### Benefit rates—Income benefits

From January to December 2010, benefits paid represent the lesser of 55 percent of average insurable earnings or $457 per week ($447 per week in 2009). In January 2011, the maximum payment was increased to $468 per week. The benefit rate can be increased to a maximum of the lesser of 80 percent of average insurable earnings or $468 per week as of January $1^{st}$, 2011 ($457 per week in 2010 and $447 per week in 2009) for claimants who are in a low-income family with children.

## Employment Insurance Operating Account
*—Concluded*

SCHEDULE II—STATEMENT OF OPERATIONS AND ACCUMULATED DEFICIT
FOR THE PERIOD OF JANUARY 1ST TO DECEMBER 31ST
(in thousands of dollars)

| | 2010 | 2009 |
|---|---|---|
| Revenues | | |
| Premiums | 17,395,131 | 16,909,899 |
| Penalties and interest revenue | 62,366 | 44,206 |
| | 17,457,497 | 16,954,105 |
| Expenses | | |
| Benefits and support measures | 17,789,048 | 18,904,762 |
| Transfer to provinces and territories related to Labour Market Development Agreements | 2,410,711 | 2,080,782 |
| Administration costs | 1,671,326 | 1,788,622 |
| Administration costs transferred to provinces and territories | 196,634 | 180,962 |
| Bad debts | 43,886 | 44,283 |
| | 22,111,605 | 22,999,411 |
| Net deficit for the period before funding from the Government of Canada | (4,654,108) | (6,045,306) |
| Funding from the Government of Canada | | |
| Benefit enhancement measures—Budget 2009 | 1,581,538 | 1,190,286 |
| Net deficit for the period | (3,072,570) | (4,855,020) |
| Accumulated deficit at the beginning of the period | (4,855,020) | |
| Accumulated deficit at the end of the period | (7,927,590) | (4,855,020) |

# SECTION 5

**2010-2011**

***PUBLIC ACCOUNTS OF CANADA***

# Accounts Payable and Accrued Liabilities

## CONTENTS

*Page*

Other accounts payable and accrued liabilities............ 5.3
Taxes payable........................................ 5.11
Environmental liabilities ............................... 5.12
Interest and matured debt.............................. 5.13
Allowance for guarantees .............................. 5.14

# ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

This section contains information on accounts reported on the Statement of Financial Position under "Accounts Payable and Accrued Liabilities". The establishment and operation of these accounts are authorized by Parliament in annual appropriation acts and other legislation. In many cases, these accounts represent accounts payable, accruals and allowances set up at year end under the authority granted to the President of the Treasury Board under the *Financial Administration Act*.

Table 5.1 presents the year-end balances of accounts payable and accrued liabilities by category. Chart 5A presents accounts payable and accrued liabilities by category at March 31.

Most tables in this section present the continuity of accounts, by showing the opening and closing balances. A narrative description is provided for accounts reported in some tables. Such description follows the same presentation order as the respective tables.

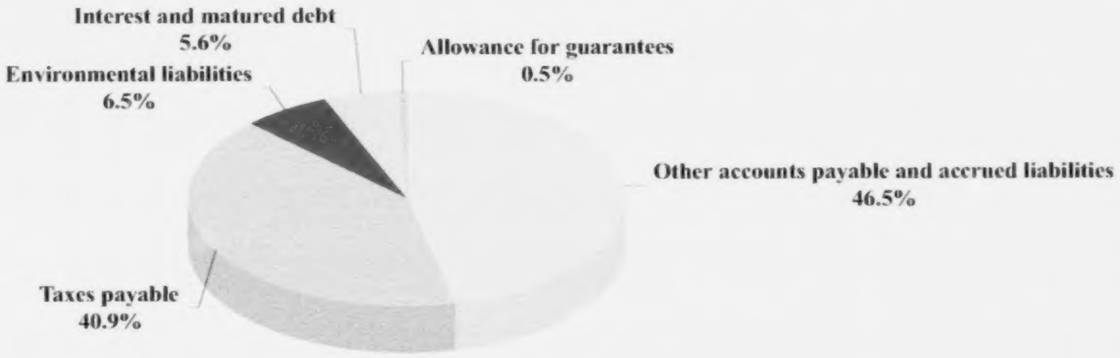
## TABLE 5.1

ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

| | March 31/2011 | March 31/2010 |
|---|---|---|
| | $ | $ |
| Other accounts payable and accrued liabilities, Table 5.2 | 55,342,004,180 | 58,284,433,375 |
| Taxes payable, Table 5.6 | 48,647,835,201 | 48,251,482,987 |
| Environmental liabilities, Table 5.7 | 7,745,019,419 | 6,601,824,335 |
| Interest and matured debt, Table 5.9 | 6,732,802,327 | 6,852,703,268 |
| Allowance for guarantees | 591,319,081 | 534,679,619 |
| Total | 119,058,980,208 | 120,525,123,584 |

## CHART 5A

ACCOUNTS PAYABLE AND ACCRUED LIABILITIES BY CATEGORY AT MARCH 31, 2011



## Other Accounts Payable and Accrued Liabilities

Other accounts payable and accrued liabilities includes accounts payable, accrued salaries and benefits, notes payable to international organizations, the provincial, territorial and Aboriginal tax agreements account, miscellaneous paylist deductions, other accounts and deferred revenues.

Table 5.2 presents a summary of the balances for the accounts in this category of accounts payable and accrued liabilities.

### TABLE 5.2

OTHER ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

| | March 31/2011 | March 31/2010 |
|---|---|---|
| | $ | $ |
| Accounts payable | 38,373,750,653 | 41,004,171,119 |
| Add: consolidation adjustment[1] | 2,667,205,061 | 2,508,107,809 |
| | *41,040,955,714* | *43,512,278,928* |
| Accrued salaries and benefits | 2,049,563,074 | 1,997,223,061 |
| Notes payable to international organizations, Table 5.3 | 413,184,396 | 418,098,181 |
| Provincial, territorial and Aboriginal tax agreements account, Table 5.4 | 6,622,137,901 | 6,381,633,081 |
| Miscellaneous paylist deductions | 42,127,127 | 159,475,587 |
| Other | 661,752,908 | 703,029,605 |
| Deferred revenues, Table 5.5 | 4,512,283,060 | 5,112,694,932 |
| Total | 55,342,004,180 | 58,284,433,375 |

(1) Additional information on the consolidated Crown corporations and other entities is provided in Section 4 of this volume.

### Accounts payable

This account records amounts owing at year end pursuant to contractual arrangements, or for work performed, goods received, or services rendered, accrued amounts to be paid from appropriations and statutory authorities, and accrued financial obligations of consolidated Crown corporations and other entities.

### Accrued salaries and benefits

This account records salaries and wages owing at year end, amounts owing for earned and unpaid annual vacation leave and compensation time, and other accrued amounts relating to unpaid or retro-active salaries.

## Notes payable to international organizations

Share capital subscriptions, loans and advances are made to international organizations using cash and/or notes payable that are later presented for encashment according to terms of agreements. These demand notes are non-interest bearing and are non-negotiable. The subscriptions, loans and advances are recorded as assets and details are reported in Table 9.13 (Section 9 of this volume).

Table 5.3 presents the balances and transactions for the individual notes.

## TABLE 5.3

### NOTES PAYABLE TO INTERNATIONAL ORGANIZATIONS

| | | Receipts and other credits | | Payments and other charges | | |
|---|---|---|---|---|---|---|
| | April 1/2010 | Note issuances | Revaluation[1] | Note encashment | Revaluation[1] | March 31/2011 |
| | $ | $ | $ | $ | $ | $ |
| Finance— | | | | | | |
| International Bank for Reconstruction and Development (World Bank) | 24,361,800 | | | | 1,108,008 | 23,253,792 |
| International Development Association | 384,280,000 | 384,280 | | 384,280 | | 384,280,000 |
| Multilateral Investment Guarantee Agency | 3,258,820 | | | | 148,216 | 3,110,604 |
| | *411,900,620* | *384,280* | | *384,280* | *1,256,224* | *410,644,396* |
| Foreign Affairs and International Trade— | | | | | | |
| Canadian International Development Agency— | | | | | | |
| International financial institutions— | | | | | | |
| African Development Fund | | 100,800,000 | | 100,800,000 | | |
| Asian Development Bank | | 35,496,210 | | 35,496,210 | | |
| Asian Development Fund | | 47,690,125 | | 47,690,125 | | |
| Caribbean Development Bank—Special | | 17,585,000 | | 17,585,000 | | |
| Global Environment Facility Trust Fund | 6,197,561 | 56,750,439 | | 60,408,000 | | 2,540,000 |
| Inter-American Development Bank—Fund for Special Operations | | 864,364 | | 864,364 | | |
| International Fund for Agriculture Development | | 12,500,000 | | 12,500,000 | | |
| Montreal Protocol Multilateral Fund | | 3,834,018 | | 3,834,018 | | |
| Multilateral Investment Fund | | 6,316,667 | | 6,316,667 | | |
| | *6,197,561* | *281,836,823* | | *285,494,384* | | *2,540,000* |
| Total | 418,098,181 | 282,221,103 | | 285,878,664 | 1,256,224 | 413,184,396 |

[1] Notes denominated in foreign currencies are translated into Canadian dollars at the year-end closing rate of exchange.

## Provincial, territorial and Aboriginal tax agreements account

This account records taxes administered by the Government of Canada on behalf of provinces, territories, and Aboriginal governments, in accordance with agreements entered into by the Minister of Finance pursuant to the *Federal Provincial Fiscal Arrangements Act* and, in the case of First Nations Goods and Services Tax, pursuant to the *First Nations Goods and Services Tax Act*.

The Government of Canada, as represented by the Minister of Finance, has entered into agreements with all provinces and territories (except Quebec) to collect and administer individual income tax, and with all provinces and territories (except Quebec and Alberta) to collect and administer corporate tax, and to remit amounts assessed in respect thereof in accordance with the agreements.

Agreements have also been entered into with certain Aboriginal governments, to collect individual income tax as well as First Nations Sales Tax levied on motive fuels, tobacco, and alcohol and First Nations Goods and Services Tax levied on the same range of goods and services as the federal Goods and Services Tax, and to make payments to the respective governments in accordance with the agreements.

This account also records transactions relating to agreements that the Government of Canada, as represented by the Minister of Finance, has entered into with the provinces of British Columbia, Ontario, New Brunswick, Nova Scotia and Newfoundland and Labrador regarding the harmonized sales tax, and payments made to the provinces in accordance with the agreements.

The *Public Accounts of Canada* reports information on an April to March fiscal year basis, while tax information is calculated on a calendar year basis. Transactions related to several tax years can occur during a given fiscal year. For example, during a given fiscal year, payments are made, based on estimates, in respect of two calendar years (April to December and January to March). During this period, it is also necessary to make payments or adjustments related to tax revenues, rebates and credits for previous calendar years. Table 5.4 presents the accumulated balances and the net position of the revenues and the payments made to the provinces and territories for personal and corporate taxes as well as for First Nations Sales Tax, First Nations Goods and Services Tax and Harmonized Sales Tax.

### TABLE 5.4

### PROVINCIAL, TERRITORIAL AND ABORIGINAL TAX AGREEMENTS ACCOUNT

| | April 1/2010 | Receipts and other credits | Payments and other charges | March 31/2011 |
|---|---|---|---|---|
| | $ | $ | $ | $ |
| Total Personal Income Tax administered by Canada Revenue Agency | 432,340,707 | 48,038,184,762 | | 48,470,525,469 |
| Less: payments to provinces and territories | | | | |
| Newfoundland and Labrador | | | 962,268,978 | 962,268,978 |
| Prince Edward Island | | | 257,899,239 | 257,899,239 |
| Nova Scotia | | | 2,076,309,168 | 2,076,309,168 |
| New Brunswick | | | 1,250,323,412 | 1,250,323,412 |
| Ontario | | | 25,781,707,417 | 25,781,707,417 |
| Manitoba | | | 2,452,008,276 | 2,452,008,276 |
| Saskatchewan | | | 1,874,894,664 | 1,874,894,664 |
| Alberta | | | 7,458,626,002 | 7,458,626,002 |
| British Columbia | | | 5,844,472,001 | 5,844,472,001 |
| Yukon | | | 53,426,512 | 53,426,512 |
| Northwest Territories | | | 66,203,719 | 66,203,719 |
| Nunavut | | | 24,692,710 | 24,692,710 |
| First Nations | | | 12,905,058 | 12,905,058 |
| | | | *48,115,737,156* | *48,115,737,156* |
| **Total personal income tax on hand** | **432,340,707** | **48,038,184,762** | **48,115,737,156** | **354,788,313** |

## TABLE 5.4

## PROVINCIAL, TERRITORIAL AND ABORIGINAL TAX AGREEMENTS ACCOUNT—*Concluded*

| | April 1/2010 | Receipts and other credits | Payments and other charges | March 31/2011 |
|---|---|---|---|---|
| | $ | $ | $ | $ |
| Total Corporate Income Tax administered by Canada Revenue Agency | 5,508,914,281 | 12,810,324,454 | | 18,319,238,735 |
| Less: payments to provinces and territories— | | | | |
| Newfoundland and Labrador | | | 329,064,514 | 329,064,514 |
| Prince Edward Island | | | 32,384,058 | 32,384,058 |
| Nova Scotia | | | 462,846,475 | 462,846,475 |
| New Brunswick | | | 265,008,839 | 265,008,839 |
| Ontario | | | 8,111,115,598 | 8,111,115,598 |
| Quebec | | | 31,747,321 | 31,747,321 |
| Manitoba | | | 372,458,240 | 372,458,240 |
| Saskatchewan | | | 1,133,057,008 | 1,133,057,008 |
| Alberta | | | 23,976,434 | 23,976,434 |
| British Columbia | | | 1,684,174,901 | 1,684,174,901 |
| Yukon | | | 8,228,067 | 8,228,067 |
| Northwest Territories | | | 78,243,652 | 78,243,652 |
| Nunavut | | | 9,077,117 | 9,077,117 |
| | | | *12,541,382,224* | *12,541,382,224* |
| **Total corporate income tax on hand** | **5,508,914,281** | **12,810,324,454** | **12,541,382,224** | **5,777,856,511** |
| Total Harmonized Sales Tax administered by Canada Revenue Agency | 438,922,499 | 21,831,430,941 | | 22,270,353,440 |
| Less: payments to provinces and territories | | | | |
| Newfoundland and Labrador | | | 783,995,447 | 783,995,447 |
| Nova Scotia | | | 1,687,429,428 | 1,687,429,428 |
| New Brunswick | | | 1,029,752,265 | 1,029,752,265 |
| Ontario | | | 13,811,504,053 | 13,811,504,053 |
| British Columbia | | | 4,468,177,768 | 4,468,177,768 |
| | | | *21,780,858,961* | *21,780,858,961* |
| **Total harmonized sales tax on hand** | **438,922,499** | **21,831,430,941** | **21,780,858,961** | **489,494,479** |
| Total First Nations Sales Tax administered by Canada Revenue Agency | 525,723 | 4,678,429 | | 5,204,152 |
| Less: payments to First Nations | | | 5,205,554 | 5,205,554 |
| **Total First Nations Sales Tax on hand** | **525,723** | **4,678,429** | **5,205,554** | **(1,402)** |
| Total First Nations Goods and Services Sales Tax administered by Canada Revenue Agency | 929,871 | 8,919,684 | | 9,849,555 |
| Less: payments to First Nations | | | 9,849,555 | 9,849,555 |
| **Total First Nations Goods and Services Sales Tax on hand** | **929,871** | **8,919,684** | **9,849,555** | |
| Total | 6,381,633,081 | 82,693,538,270 | 82,453,033,450 | 6,622,137,901 |

## Miscellaneous paylist deductions

Deductions from the salaries and wages of certain employees are credited to this account pending transmittal to related outside organizations.

## Other

Miscellaneous accounts payable and accrued liabilities such as provincial sales tax collected on sales are recorded in this account.

## Deferred Revenues

This account records revenues received before the end of the current fiscal year for which the goods or services are to be delivered or rendered in a subsequent fiscal year. It includes licence fees received for which access to the radio spectrum is being provided in subsequent years and also presents separately revenues received which have been recorded in a specified purpose account.

Table 5.5 presents the balances and transactions of deferred revenues.

## TABLE 5.5

### DEFERRED REVENUES

| | April 1/2010 | Receipts and other credits | Payments and other charges | March 31/2011 |
|---|---|---|---|---|
| | $ | $ | $ | $ |
| Deferred revenues— | | | | |
| Citizenship and Immigration— | | | | |
| Service fees for immigration and citizenship | 394,169,443 | 476,268,817 | 472,291,919 | 398,146,341 |
| Industry— | | | | |
| Spectrum licence fees and other fees | 4,372,813,644 | 313,608,116 | 915,911,104 | 3,770,510,656 |
| Public Safety and Emergency Preparedness— | | | | |
| Royal Canadian Mounted Police— | | | | |
| Provincial arrangement on capital assets | 119,597,511 | 1,949,391 | | 121,546,902 |
| Other departments | 173,059,471 | 204,129,088 | 209,654,204 | 167,534,355 |
| Total | 5,059,640,069 | 995,955,412 | 1,597,857,227 | 4,457,738,254 |
| Other deferred revenues—Specified purpose accounts— | | | | |
| Donation and bequest accounts— | | | | |
| Agriculture and Agri-Food— | | | | |
| Shared-cost agreements—Research | 12,200,608 | 3,801,671 | 4,401,716 | 11,600,563 |
| Canadian Heritage— | | | | |
| Library and Archives of Canada— | | | | |
| Special operating account | 138,268 | 884,459 | 369,563 | 653,164 |
| Environment— | | | | |
| Endangered species—Donations | 144,184 | 511 | | 144,695 |
| Miscellaneous projects deposits(1) | | 8,256,843 | 2,441,098 | 5,815,745 |
| | *144,184* | *8,257,354* | *2,441,098* | *5,960,440* |
| Parks Canada Agency— | | | | |
| Pacific Rim Mitigation Fund | 1,750,000 | | 125,000 | 1,625,000 |
| | *1,894,184* | *8,257,354* | *2,566,098* | *7,585,440* |
| Fisheries and Oceans— | | | | |
| Restricted donations | 23,049 | | | 23,049 |
| Governor General— | | | | |
| Donations—Rideau Hall | 16,787 | | | 16,787 |
| Shared-cost agreements—Awards | | 1,500 | | 1,500 |
| | *16,787* | *1,500* | | *18,287* |
| Health— | | | | |
| Canadian Institutes of Health Research— | | | | |
| Donations for research | 10,297,042 | 9,440,612 | 12,164,918 | 7,572,736 |
| Human Resources and Skills Development— | | | | |
| Canadian Centre for Occupational Health and Safety— | | | | |
| Donations | 95,807 | 2,000 | | 97,807 |
| Indian Affairs and Northern Development— | | | | |
| Indian Residential Schools Truth and Reconciliation Commission— | | | | |
| National Events—Donations | | 120,500 | 75,792 | 44,708 |
| Industry— | | | | |
| Prime Minister's Awards and other deposits | 3,915,460 | 2,223,635 | 1,013,681 | 5,125,414 |
| Canadian Space Agency— | | | | |
| RADARSAT-2 | 8,596 | | | 8,596 |
| RADARSAT-2—Data satellite | 25,941 | 1,443,362 | 1,469,303 | |
| | *34,537* | *1,443,362* | *1,469,303* | *8,596* |
| National Research Council of Canada— | | | | |
| Trust fund | 20,656,437 | 21,391,317 | 23,042,707 | 19,005,047 |
| Natural Sciences and Engineering Research Council— | | | | |
| Trust fund | 250 | | | 250 |
| Social Sciences and Humanities Research Council— | | | | |
| Trust fund | 391,816 | 1,498 | 10,000 | 383,314 |
| | *24,998,500* | *25,059,812* | *25,535,691* | *24,522,621* |
| National Defence— | | | | |
| Corporate sponsorships and donations | 51,945 | 301,413 | 344,304 | 9,054 |

## TABLE 5.5

## DEFERRED REVENUES—*Concluded*

| | April 1/2010 | Receipts and other credits | Payments and other charges | March 31/2011 |
|---|---|---|---|---|
| | $ | $ | $ | $ |
| Public Safety and Emergency Preparedness— | | | | |
| Royal Canadian Mounted Police— | | | | |
| Mounted Police Foundation | 522,587 | | 179,990 | 342,597 |
| Royal Canadian Mounted Police Pipe Band (NCR) | 10,254 | | 540 | 9,714 |
| Sponsorship Agreement—Contributions | 210,154 | 15,000 | 56,501 | 168,653 |
| | *742,995* | *15,000* | *237,031* | *520,964* |
| Veterans Affairs— | | | | |
| Restricted donations— | | | | |
| Canadian Memorial | 50,252 | | 10,549 | 39,703 |
| Wounded Warrior Fund | 56,832 | 94,630 | 17,515 | 133,947 |
| | *107,084* | *94,630* | *28,064* | *173,650* |
| Total—Donation and bequest accounts | 50,566,269 | 47,978,951 | 45,723,177 | 52,822,043 |
| Endowment interest accounts— | | | | |
| Environment— | | | | |
| Parks Canada Agency— | | | | |
| Laurier House—Interest (Mackenzie King trust account) | | 7,403 | 7,403 | |
| Health— | | | | |
| Canadian Institutes of Health Research— | | | | |
| Endowments for health research | 8,141 | 442 | | 8,583 |
| Industry— | | | | |
| National Research Council of Canada— | | | | |
| H.L. Holmes Fund | | 97,000 | 97,000 | |
| Social Sciences and Humanities Research Council— | | | | |
| Queen's Fellowship Fund | 105,980 | 2,275 | | 108,255 |
| | *105,980* | *99,275* | *97,000* | *108,255* |
| Transport— | | | | |
| Shared-cost agreements—Transportation research and development | 2,374,473 | 1,188,151 | 1,956,699 | 1,605,925 |
| Total—Endowment interest accounts | 2,488,594 | 1,295,271 | 2,061,102 | 1,722,763 |
| Total—Other deferred revenues—Specified purpose accounts | 53,054,863 | 49,274,222 | 47,784,279 | 54,544,806 |
| Total—Deferred revenues | 5,112,694,932 | 1,045,229,634 | 1,645,641,506 | 4,512,283,060 |

(1) During the year, this account was transferred from Table 6.34 in Section 6 of this volume.

### Service fees for immigration and citizenship

This account was established to record fees and rights derived from the *Citizenship Act* and Regulations and the *Immigration and Refugees Protection Act* and Regulations. Fees are deferred until the application is deemed processed, while rights (right of citizenship and right of permanent residence) are deferred until the right is granted.

### Spectrum licence fees and other fees

This account was established to record, *(a)* funds received from Spectrum Auctions, which are recognized as revenues over the period of the licences; *(b)* funds received from Spectrum Licence Fees that are received in the latter part of the fiscal year, but which are applicable to the following fiscal year; and, *(c)* funds received from other sources such as patents and trademarks examination and registration fees, Bankruptcy Trustee Licence Fees and Competition Bureau Pre-Merger Fees, which are recognized as revenue in the subsequent year.

### Provincial arrangement on capital assets

This account was established to record capital assets received by the Royal Canadian Mounted Police pursuant to the provincial arrangement (contracts) on capital assets. The revenue is recognized on the same basis as the amortization of the corresponding capital asset.

### Shared-cost agreements—Research

This account was established to record amounts deposited by external parties for shared-cost projects, and any related future provincial program payments to be made on a province's behalf by Agriculture and Agri-Food Canada as part of a related project. Funds are disbursed on behalf of depositors as specific projects are undertaken.

### Special operating account

This account was established, pursuant to section 18 of the *Library and Archives of Canada Act*, to record funds received for the purposes of the Library and Archives of Canada, by way of gifts. Amounts required for the purposes of the Act may be paid out of this account, or out of funds appropriated by Parliament for such purposes.

### Endangered species—Donations

This account was established to record donations, gifts or bequests received from individuals and organizations to finance various studies related to endangered species.

### Miscellaneous projects deposits

This account was established to record contributions received from organizations and individuals, for the advancement of research work and clean-up efforts.

### Pacific Rim Mitigation Fund

This account was established to record funds received for the protection of lands within the Pacific Rim National Park Reserve of Canada. Funds so received are used to monitor community use impacts, carry out related research and implement required mitigation measures.

### Restricted donations—Fisheries and Oceans

This account was established to record directed donations to be used for research, development, management and promotion of fisheries and oceans related issues.

### Donations—Rideau Hall

This account was established to record gifts, donations or bequests to Rideau Hall from private organizations and individuals to fund specific initiatives.

### Shared-cost agreements—Awards

This account was established to record amounts deposited by external parties for shared-cost projects.

### Donations for research

This account was established, pursuant to section 29 of the *Canadian Institutes of Health Research Act*, to record donations and contributions received from organizations and individuals for biomedical research.

### Donations

This account was established, pursuant to subsection 6(3) of the *Canadian Centre for Occupational Health and Safety Act*, to record funds, securities or other property received by way of gift, bequest or otherwise, and to disburse such donations at the discretion of the Centre.

### National Events—Donations

This account was established to record donations received from individuals and organizations to be used for National Events expenses.

### Prime Minister's Awards and other deposits

This account was established to record amounts deposited by external parties to be used in support of the Prime Minister's Awards for teaching excellence and amounts deposited by customers to be used for payments of services provided by Industry Canada.

### RADARSAT-2

This account was established to record funds received for the configuration and layout of relocated "MacDonald, Dettwiler and Associates" personnel.

### RADARSAT-2—Data satellite

This account was established to record funds received from "MacDonald, Dettwiler and Associates" for the reception, archiving, cataloging and satellite acquisition services.

### Trust fund—National Research Council of Canada

This account was established by the *National Research Council Act* to record funds received from other governments and organizations outside the accounting entity to cover expenses made on their behalf.

### Trust fund—Natural Sciences and Engineering Research Council

This account was established by the *Natural Sciences and Engineering Research Council Act (1978)* to record funds received from other governments and organizations to cover expenses made on their behalf.

### Trust fund—Social Sciences and Humanities Research Council

This account was established to record funds available for social sciences and humanities research activities. The account is also used to record receipts of private donations for the purpose of special projects.

### Corporate sponsorships and donations

This account was established by the Department of National Defence to administer funds received from various private companies, not for profit corporations, associations, other levels of government, or individuals for the purpose of holding events, conducting operations and constructing capital assets consistent with the Department's mandate but not funded from its appropriations.

### Mounted Police Foundation

This account was established to record funds received from the Mounted Police Foundation which will be used to cover expenses related to community policing, educational, promotional and public relations projects throughout Canada.

### Royal Canadian Mounted Police Pipe Band (NCR)

This account was established to administer sponsorship funds to support the Royal Canadian Mounted Police Pipe Band.

### Sponsorship Agreement—Contributions

This account was established to record funds contributed to the Royal Canadian Mounted Police pursuant to sponsorship agreements for use in community policing programs.

### Restricted donations—Canadian Memorial

This account was established to record directed donations for the purpose of management and maintenance of the Canadian Memorial in Green Park, London, United Kingdom.

### Restricted donations—Wounded Warrior Fund

This account was established to record directed donations for the purpose of providing assistance to support the pilot project designed to assist disenfranchised Veterans in crisis.

### Laurier House—Interest (Mackenzie King trust account)

The late The Right Hon W. L. Mackenzie King bequeathed Laurier House, Ottawa, and the sum of $225,000, to the Government of Canada. The amount of $225,000 was credited to the account and earns interest, in accordance with the terms of section 3 of the *Laurier House Act*. The interest is to be used to assist in the maintenance of the Laurier House, which is to be preserved as a place of historic interest, and also to provide accommodation for study and research.

### Endowments for health research

This account was established by section 29 of the *Canadian Institutes of Health Research Act*, to record various endowments received from donors for the purpose of health research. The interest received is used for the payment of research grants.

### H.L. Holmes Fund

This account was established, pursuant to paragraph 5(1)(f) of the *National Research Council Act*, to record the residue of the estate of H.L. Holmes. Up to two thirds of the yearly net income from the fund shall be used to finance the H.L. Holmes Award on an annual basis. These awards will provide the opportunity to post-doctoral students to study at world famous graduate schools or research institutes under outstanding research persons.

### Queen's Fellowship Fund

This fund is an endowment of $250,000 that was established by Vote 45a, *Appropriation Act No. 5, 1973-74*. The interest earned is used for the payment of fellowships to graduate students in certain fields of Canadian studies.

### Shared-cost agreements—Transportation research and development

This account was established to record, on a temporary basis, *(a)* funds received from cost-sharing agreements intended to strengthen and improve the safety, security and efficiency of the Canadian transportation system; and, *(b)* funds received from private sector and provincial governments to directly support the departmental strategic objectives.

## Taxes Payable

Taxes payable include amounts payable to taxpayers based on assessments as well as estimates of refunds owing for assessments not completed by year end.

Table 5.6 presents a summary of the balances for the different tax revenue streams.

### TABLE 5.6

### TAXES PAYABLE

| | March 31/2011 | March 31/2010 |
|---|---|---|
| | $ | $ |
| Personal and non-resident income tax | 29,656,803,046 | 31,337,532,951 |
| Corporate income tax | 9,795,864,241 | 10,670,362,690 |
| Goods and services tax | 9,133,614,398 | 6,195,417,931 |
| Customs and excise | 61,553,516 | 48,169,415 |
| Total | 48,647,835,201 | 48,251,482,987 |

### Personal and non-resident income tax

This account records tax refunds payable to individual taxpayers as well as amounts payable to employers and other withholders of personal income tax. This account also includes any interest owing on the balances.

### Corporate income tax

This account records tax refunds payable and any interest owing to corporate taxpayers.

### Goods and services tax

This account records refunds, rebates and any interest owing related to the goods and services tax.

### Customs and excise

This account records refunds of customs import duties, excise taxes and duties, energy taxes and any interest owing on the balances.

## Environmental Liabilities

Environmental liabilities include the estimated costs related to the remediation of contaminated sites and to the future restoration of certain tangible capital assets where the Government is obligated, or likely obligated to incur such costs.

The Government has identified approximately 2,200 contaminated sites and 42 unexploded explosive ordnance (UXO) affected sites (2,400 contaminated sites and 30 UXO affected sites in 2010) for which it is likely obligated to remediate. Continued assessment work will lead to a more accurate cost estimate of the identified sites.

The contingent liabilities associated with the contaminated sites and UXO affected sites are disclosed in Section 11 of this volume.

Table 5.7 presents the liability balances of the custodian departments and Crown corporations for remediation liabilities for contaminated sites and asset restoration liabilities for UXO affected sites, nuclear facility decommissioning and certain electronic equipment.

### TABLE 5.7

### ENVIRONMENTAL LIABILITIES

| | March 31/2011 | March 31/2010 |
|---|---|---|
| | $ | $ |
| Remediation of contaminated sites— | | |
| Agriculture and Agri-Food | 1,461,817 | 1,358,938 |
| Canada Border Services Agency | 2,285,800 | 291,800 |
| Correctional Service of Canada | 9,244,357 | 9,176,768 |
| Environment | 99,886,464 | 88,795,353 |
| Fisheries and Oceans | 108,698,513 | 73,175,003 |
| Health | 225,000 | 90,200 |
| Indian Affairs and Northern Development | 2,015,473,705 | 1,901,998,175 |
| National Defence | 325,455,667 | 331,776,208 |
| National Research Council of Canada | 79,829 | 1,880,195 |
| Natural Resources | 1,106,361,006 | 349,948,200 |
| Parks Canada Agency | 24,540,488 | 62,193,172 |
| Public Works and Government Services | 316,165,045 | 332,570,240 |
| Royal Canadian Mounted Police | 4,044,525 | 3,757,132 |
| Transport | 164,678,256 | 146,546,829 |
| | *4,178,600,472* | *3,303,558,213* |
| Consolidated Crown corporations and other entities— | | |
| Canadian Broadcasting Corporation | 300,000 | |
| Enterprise Cape Breton Corporation | 129,887,000 | 147,476,000 |
| National Capital Commission | 42,657,000 | 39,339,000 |
| The Jacques-Cartier and Champlain Bridges Incorporated | 1,000,000 | 1,000,000 |
| VIA Rail Canada Inc. | 1,627,000 | 1,687,000 |
| | *175,471,000* | *189,502,000* |
| Total remediation of contaminated sites | 4,354,071,472 | 3,493,060,213 |
| Future asset restoration— | | |
| National Defence (Unexploded explosive ordnance affected sites) | 15,842,947 | 16,387,122 |
| Others | 248,000 | 366,000 |
| | *16,090,947* | *16,753,122* |
| Consolidated Crown corporations and other entities— | | |
| Atomic Energy of Canada Limited (nuclear facility decommissioning) | 3,357,046,000 | 3,084,899,000 |
| Others | 17,811,000 | 7,112,000 |
| | *3,374,857,000* | *3,092,011,000* |
| Total future asset restoration | 3,390,947,947 | 3,108,764,122 |
| Total environmental liabilities | 7,745,019,419 | 6,601,824,335 |

### Changes in liability for remediation of contaminated sites

Table 5.8 presents a summary of the changes in liability balances for contaminated sites. In addition to expenditures reducing environmental liabilities previously recorded, the government spent another $43,090,811 ($28,280,675 in 2010) as management and remediation costs on its contaminated sites when these costs became known in the year.

### TABLE 5.8

CHANGES IN LIABILITY FOR REMEDIATION OF CONTAMINATED SITES

| | March 31/2011 | March 31/2010 |
|---|---|---|
| | $ | $ |
| Opening balance | 3,493,060,213 | 3,220,052,777 |
| Less: Expenditures reducing opening liabilities | 366,429,461 | 307,966,826 |
| Add: Changes in estimated remediation costs | 1,100,787,486 | 441,294,743 |
| New liability for sites not previously recorded | 126,653,234 | 139,679,519 |
| Closing balance | 4,354,071,472 | 3,493,060,213 |

## Interest and Matured Debt

Interest and matured debt includes interest due, interest accrued and matured debt.

Table 5.9 presents a summary of the balances for the accounts in this category of accounts payable and accrued liabilities.

### TABLE 5.9

INTEREST AND MATURED DEBT

| | March 31/2011 | March 31/2010 |
|---|---|---|
| | $ | $ |
| Interest due | 1,925,470,643 | 2,237,733,532 |
| Interest accrued | 4,613,002,824 | 4,540,642,736 |
| Matured debt | 194,328,860 | 74,327,000 |
| Total | 6,732,802,327 | 6,852,703,268 |

### Interest due

Interest due is the interest on the bonded debt, which is due and payable but has not been redeemed by bond holders.

### Interest accrued

Interest accrued is the interest accumulated as at March 31 on the bonded debt and certain other liabilities, that is not payable until a future date.

### Matured debt

This account records financial obligations represented by certificates of indebtedness issued by the Government, that have become due but that have not been presented for redemption. Unclaimed matured bonds are transferred to other revenues if they remain unredeemed 15 years after the date of call or maturity, whichever is earlier.

## Allowance for Guarantees

This category of accounts payable and accrued liabilities includes the allowance for guarantees provided by the Government. An allowance is recorded for guarantees when it is likely that a payment will be made in the future to honour a guarantee and when the amount of the loss can be reasonably estimated. As at March 31, 2011, the allowance for guarantees is $592 million ($535 million in 2010).

Additional information relating to guarantees can be found in Note 16 — Contingent Liabilities in Section 2 and in Table 11.5 in Section 11 of this volume. In addition, Table 9.6 in Section 9 includes details on the borrowings of agent and non-agent enterprise Crown corporations and other government business enterprises. In accordance with section 54 of the *Financial Administration Act*, the payment of all money borrowed by agent enterprise Crown corporations, and interest thereon, is a charge on and payable out of the Consolidated Revenue Fund. Such borrowings therefore constitute unconditional obligations of the Government. In contrast, borrowings of non-agent enterprise Crown corporations and other government business enterprises may, at times, be guaranteed by the Government.

# SECTION 6

## 2010-2011

## *PUBLIC ACCOUNTS OF CANADA*

# Interest-Bearing Debt

## CONTENTS

*Page*

Unmatured debt—

- Marketable bonds .......... 6.3
- Treasury bills .......... 6.5
- Retail debt .......... 6.6
- Bonds for Canada Pension Plan .......... 6.7
- Canada bills .......... 6.7
- Cross-currency swap revaluation .......... 6.8
- Unamortized discounts and premiums on market debt .......... 6.8
- Interest rates .......... 6.9
- Maturity of Government debt .......... 6.10
- Statement of all borrowing transactions on behalf of Her Majesty .......... 6.10
- Structure of interest-bearing debt .......... 6.11
- Obligation related to capital leases .......... 6.11

Pension and other future benefits—

- Public sector pensions .......... 6.18
- Other employee and veteran future benefits .......... 6.30

Other liabilities—

- Canada Pension Plan .......... 6.32
- Government Annuities Account .......... 6.33
- Deposit and trust accounts .......... 6.34
- Other specified purpose accounts .......... 6.40

Supplementary statements—

- Canada Pension Plan .......... 6.51
- Government Annuities Account .......... 6.69
- Royal Canadian Mounted Police (Dependants) Pension Fund .......... 6.75

# INTEREST-BEARING DEBT

This section contains information on the interest-bearing debt of the Government. Interest-bearing debt includes the unmatured debt and pension, other future benefits and other liabilities.

Some tables in this section present the continuity of accounts, by showing the opening and closing balances, as well as receipts and other credits, and payments and other charges.

Table 6.1 presents the transactions and year-end balances of interest-bearing debt. Chart 6A presents interest-bearing debt by category for the current fiscal year.

The financial statements of the Canada Pension Plan, the Government Annuities Account and the Royal Canadian Mounted Police (Dependants) Pension Fund, together with the Independent Auditor's Reports thereon, are presented at the end of this section.

A narrative description is provided for accounts reported in some tables. Such description follows the same presentation order as the respective tables.

## TABLE 6.1

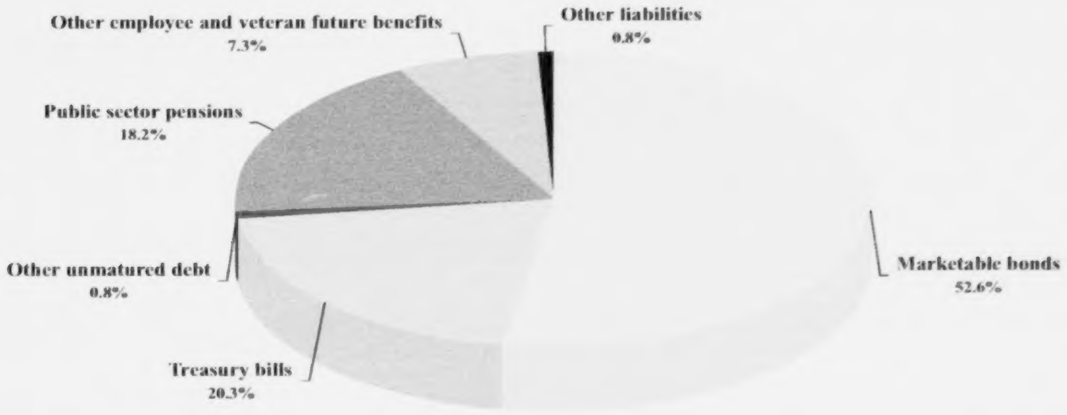
## INTEREST-BEARING DEBT

| | April 1/2010 | Receipts and other credits | Payments and other charges | March 31/2011 |
|---|---|---|---|---|
| | $ | $ | $ | $ |
| Unmatured debt[1]— | | | | |
| Payable in Canadian currency— | | | | |
| Marketable bonds, Table 6.2 | 367,962,409,029 | 118,660,097,553 | 70,542,408,000 | 416,080,098,582 |
| Treasury bills, Table 6.3 | 175,849,122,000 | 432,630,387,000 | 445,500,000,000 | 162,979,509,000 |
| Retail debt, Table 6.4 | 11,855,433,083 | 1,845,271,747 | 3,559,206,202 | 10,141,498,628 |
| Bonds for Canada Pension Plan, Table 6.5 | 451,891,000 | | 425,010,000 | 26,881,000 |
| | *556,118,855,112* | *553,135,756,300* | *520,026,624,202* | *589,227,987,210* |
| Payable in foreign currencies— | | | | |
| Marketable bonds, Table 6.2 | 5,789,807,535 | 8,496,557 | 142,339,064 | 5,655,965,028 |
| Canada bills, Table 6.6 | 2,452,704,969 | 8,186,625,529 | 8,667,228,092 | 1,972,102,406 |
| | *8,242,512,504* | *8,195,122,086* | *8,809,567,156* | *7,628,067,434* |
| Total—Market debt | 564,361,367,616 | 561,330,878,386 | 528,836,191,358 | 596,856,054,644 |
| Cross-currency swap revaluation | (4,233,175,672) | | 857,483,634 | (5,090,659,306) |
| Unamortized discounts and premiums on market debt, Table 6.7 | (5,092,110,549) | 3,146,086,991 | 2,538,927,233 | (4,484,950,791) |
| Obligation related to capital leases, Table 6.13 | 4,089,731,828 | 138,650,677 | 543,178,050 | 3,685,204,455 |
| Other unmatured debt | | 189,714,062 | | 189,714,062 |
| Total—Unmatured debt | 559,125,813,223 | 564,805,330,116 | 532,775,780,275 | 591,155,363,064 |
| Pension, other future benefits and other liabilities— | | | | |
| Public sector pensions, Table 6.16— | | | | |
| Superannuation accounts | 155,780,790,070 | 16,083,451,922 | 13,977,860,494 | 157,886,381,498 |
| Allowance for pension adjustments | (12,938,000,000) | 2,134,000,000 | 947,000,000 | (11,751,000,000) |
| | *142,842,790,070* | *18,217,451,922* | *14,924,860,494* | *146,135,381,498* |
| Other employee and veteran future benefits, Table 6.29 | 54,227,000,000 | 8,535,000,000 | 4,556,000,000 | 58,206,000,000 |
| Other liabilities— | | | | |
| Due to Canada Pension Plan, Table 6.30 | 174,785,010 | 59,203,887,185 | 59,355,455,855 | 23,216,340 |
| Government Annuities Account | 243,456,437 | 15,870,466 | 37,986,800 | 221,340,103 |
| Deposit and trust accounts, Table 6.31 | 2,201,798,049 | 2,572,467,356 | 2,463,031,142 | 2,311,234,263 |
| Other specified purpose accounts, Table 6.34 | 3,966,775,247 | 4,552,040,569 | 4,759,779,339 | 3,759,036,477 |
| | *60,813,814,743* | *74,879,265,576* | *71,172,253,136* | *64,520,827,183* |
| Total—Pension, other future benefits and other liabilities | 203,656,604,813 | 93,096,717,498 | 86,097,113,630 | 210,656,208,681 |
| Total | 762,782,418,036 | 657,902,047,614 | 618,872,893,905 | 801,811,571,745 |

(1) This table includes unmatured debt issued by the Government of Canada. Borrowings of agent enterprise Crown corporations which are unconditional obligations of the Government, but not included in unmatured debt, can be found in Table 6.11.

**CHART 6A**

INTEREST-BEARING DEBT BY CATEGORY AT MARCH 31, 2011



# UNMATURED DEBT

Unmatured debt represents financial obligations resulting from certificates of indebtedness issued by the Government of Canada that have not yet become due, cross-currency swap revaluation and unamortized discounts and premiums on market debt, obligations related to capital leases and other unmatured debt.

The Government's holdings of its own securities have been deducted from unmatured debt, to report the amount of the Government's liabilities to outside parties.

## Marketable Bonds

Marketable bonds are interest-bearing certificates of indebtedness issued by the Government of Canada, and have the following characteristics:

— bought and sold on the open market;

— payable in Canadian or foreign currency;

— subject to redemption before maturity;

— fixed dates of maturity;

— interest payable either in coupon or registered form; and,

— face value guaranteed at maturity.

Registered marketable bonds are transferable by endorsement and delivery by one holder to another. Bearer marketable bonds need not be endorsed.

Table 6.2 presents a summary of the balances and transactions for marketable bonds.

The year-end balances of marketable bonds payable in foreign currencies were translated into Canadian dollars using the closing rates of exchange at March 31, 2011.

## TABLE 6.2

## MARKETABLE BONDS

| | April 1/2010 | Receipts and other credits[1] | Payments and other charges[1] | March 31/2011 |
|---|---|---|---|---|
| | $ | $ | $ | $ |
| Payable in Canadian currency— | | | | |
| Matured 2010-2011 | 26,032,750,000 | | 26,032,750,000 | |
| Maturing 2011-2012 | 57,211,282,000 | | 15,744,441,000 | 41,466,841,000 |
| 2012-2013 | 40,256,018,000 | 36,801,348,000 | 2,857,272,000 | 74,200,094,000 |
| 2013-2014 | 24,770,116,000 | 18,800,000,000 | 561,999,000 | 43,008,117,000 |
| 2014-2015 | 40,753,802,000 | | 2,449,769,000 | 38,304,033,000 |
| 2015-2016 | 19,599,830,000 | 11,341,729,000 | | 30,941,559,000 |
| 2016-2017 | 10,157,400,000 | 9,900,000,000 | | 20,057,400,000 |
| 2017-2018 | 10,342,526,000 | | | 10,342,526,000 |
| 2018-2019 | 10,622,764,000 | | | 10,622,764,000 |
| 2019-2020 | 17,650,000,000 | | | 17,650,000,000 |
| 2020-2021 | 10,667,361,000 | 3,000,000,000 | | 13,667,361,000 |
| 2021-2022 | 7,455,337,993 | 9,168,187,081 | | 16,623,525,074 |
| 2022-2023 | 206,022,000 | | | 206,022,000 |
| 2023-2024 | 3,757,121,000 | | | 3,757,121,000 |
| 2025-2026 | 3,075,345,000 | | | 3,075,345,000 |
| 2026-2027 | 6,879,809,795 | 161,399,208 | | 7,041,209,003 |
| 2027-2028 | 6,441,435,000 | | 215,000,000 | 6,226,435,000 |
| 2029-2030 | 12,804,867,000 | | 139,398,000 | 12,665,469,000 |
| 2031-2032 | 7,304,723,870 | 171,367,622 | | 7,476,091,492 |
| 2033-2034 | 13,410,295,000 | | | 13,410,295,000 |
| 2036-2037 | 6,537,216,356 | 153,362,022 | | 6,690,578,378 |
| 2037-2038 | 13,999,089,000 | | | 13,999,089,000 |
| 2041-2042 | 18,078,024,015 | 4,659,011,330 | | 22,737,035,345 |
| 2044-2045 | | 2,241,684,290 | | 2,241,684,290 |
| | 368,013,135,029 | 96,398,088,553 | 48,000,629,000 | 416,410,594,582 |
| Less: | | | | |
| Government's holdings[2] | | 21,967,879,000 | 22,541,779,000 | 573,900,000 |
| Consolidation adjustment[3] | 50,726,000 | 294,130,000 | | (243,404,000) |
| | *50,726,000* | *22,262,009,000* | *22,541,779,000* | *330,496,000* |
| Total marketable bonds payable in Canadian currency | 367,962,409,029 | 118,660,097,553 | 70,542,408,000 | 416,080,098,582 |
| Payable in foreign currencies— | | | | |
| Maturing 2014-2015 | 3,047,400,000 | | 138,600,000 | 2,908,800,000 |
| 2016-2017 | 33,769,255 | | 1,535,873 | 32,233,382 |
| 2018-2019 | 16,334,064 | | 742,896 | 15,591,168 |
| 2019-2020 | 2,747,555,300 | 4,600,000 | 161,700 | 2,751,993,600 |
| | 5,845,058,619 | 4,600,000 | 141,040,469 | 5,708,618,150 |
| Less: Government's holdings and securities held for the retirement of unmatured debt[4] | 55,251,084 | 3,896,557 | 1,298,595 | 52,653,122 |
| Total marketable bonds payable in foreign currencies | 5,789,807,535 | 8,496,557 | 142,339,064 | 5,655,965,028 |
| Total | 373,752,216,564 | 118,668,594,110 | 70,684,747,064 | 421,736,063,610 |

[1] These columns include the translation of marketable bonds payable in foreign currencies to Canadian dollars using the closing rates of exchange at March 31.

[2] Represents securities held for cancellation.

[3] Includes $82 million of securities held by consolidated Crown corporations and other entities and $325 million of borrowings by consolidated agent Crown corporations. Additional information on consolidated Crown corporations and other entities is provided in Section 4 of this volume.

[4] These securities were assumed by the Government of Canada on February 5, 2001 upon the dissolution of Petro-Canada Limited. These are presented as a deduction from the foreign currency unmatured debt since they are held specifically for the repayment of the corresponding liabilities assumed upon the dissolution of the Corporation.

## Treasury Bills

Treasury bills are short-term certificates of indebtedness issued by the Government of Canada to pay sums of money on given dates, and have the following characteristics:

- issued at a discount in lieu of interest payments;
- issued in Canadian currency only;
- issued every 2 weeks;
- common terms: 3 months, 6 months and 12 months;
- transferable; and,
- bought and sold on the open market.

The balance at March 31, 2011 consists of $9,500 million in odd issue bills; $47,300 million in three-month bills; $33,200 million in six-month bills; and, $73,000 million in 364-day bills.

Table 6.3 presents a summary of Treasury bill issues and redemptions.

### TABLE 6.3

### TREASURY BILLS

| | April 1/2010 | Receipts and other credits | Payments and other charges | March 31/2011 |
|---|---|---|---|---|
| | $ | $ | $ | $ |
| Three-month bills | 51,500,000,000 | 201,000,000,000 | 205,200,000,000 | 47,300,000,000 |
| Six-month bills | 38,600,000,000 | 76,000,000,000 | 81,400,000,000 | 33,200,000,000 |
| Other bills | 85,800,000,000 | 155,600,000,000 | 158,900,000,000 | 82,500,000,000 |
| | 175,900,000,000 | 432,600,000,000 | 445,500,000,000 | 163,000,000,000 |
| Less: Government's holdings | | | | |
| Consolidation adjustment[1] | 50,878,000 | 30,387,000 | | 20,491,000 |
| Total | 175,849,122,000 | 432,630,387,000 | 445,500,000,000 | 162,979,509,000 |

[1] Represents securities held by consolidated Crown corporations and other entities. Additional information is provided in Section 4 of this volume.

## Retail Debt

Retail debt includes Canada Savings Bonds and Canada Premium Bonds which are interest-bearing certificates of indebtedness issued by the Government of Canada, and have the following characteristics:

- issued to Canadian residents;
- issued in Canadian currency only;
- registered in the name of the holder;
- fixed dates of maturity;
- not marketable;
- not subject to call before maturity;
- term to maturity of seven years or more;
- Canada Savings Bonds are redeemable on demand by the holder, with accrued interest calculated to the end of the previous month (no interest is paid if redeemed during the first 3 months following the date of issue); and,
- Canada Premium Bonds are redeemable in full or partially on any annual anniversary of the issue date and during the 30 days thereafter by the holder, with accrued interest if applicable.

Table 6.4 presents a summary of the balances and transactions for Canada Savings Bonds and Canada Premium Bonds.

## TABLE 6.4

## RETAIL DEBT

| | April 1/2010 | Receipts and other credits | Payments and other charges | March 31/2011 |
|---|---|---|---|---|
| | $ | $ | $ | $ |
| Canada Savings Bonds | | | | |
| Matured 2010-2011 | 174,747,946 | | 174,747,946 | |
| Maturing 2011-2012 | 231,890,356 | | 31,921,861 | 199,968,495 |
| 2012-2013 | 274,592,818 | | 39,545,398 | 235,047,420 |
| 2013-2014(1) | 383,407,019 | | 54,955,333 | 328,451,686 |
| 2014-2015(2) | 517,126,410 | | 79,601,557 | 437,524,853 |
| 2015-2016(3) | 514,495,610 | | 88,872,696 | 425,622,914 |
| 2016-2017(4) | 716,368,135 | | 133,103,752 | 583,264,383 |
| 2017-2018(5) | 1,324,127,419 | | 270,521,441 | 1,053,605,978 |
| 2018-2019(6) | 1,889,696,141 | 90 | 635,434,330 | 1,254,261,901 |
| 2019-2020(7) | 827,689,008 | 933,666,358 | 952,503,667 | 808,851,699 |
| 2020-2021(8) | 8,314,629 | 732,041,822 | 108,908,646 | 631,447,805 |
| | *6,862,455,491* | *1,665,708,270* | *2,570,116,627* | *5,958,047,134* |
| Canada Premium Bonds | | | | |
| Matured 2010-2011 | 615,171,622 | | 615,171,622 | |
| Maturing 2011-2012 | 490,792,407 | | 26,236,519 | 464,555,888 |
| 2012-2013 | 971,307,485 | | 79,562,800 | 891,744,685 |
| 2013-2014 | 783,042,471 | | 41,398,459 | 741,644,012 |
| 2014-2015 | 235,737,979 | | 17,192,932 | 218,545,047 |
| 2015-2016 | 161,957,665 | | 8,027,248 | 153,930,417 |
| 2016-2017 | 161,045,651 | | 11,873,569 | 149,172,082 |
| 2017-2018 | 143,955,067 | | 11,154,265 | 132,800,802 |
| 2018-2019(6) | 853,517,743 | 500 | 70,737,843 | 782,780,400 |
| 2019-2020(7) | 517,738,792 | 184,253 | 90,047,741 | 427,875,304 |
| 2020-2021(8) | 58,710,710 | 179,378,724 | 17,686,577 | 220,402,857 |
| | *4,992,977,392* | *179,563,477* | *989,089,375* | *4,183,451,494* |
| Total | 11,855,433,083 | 1,845,271,747 | 3,559,206,002 | 10,141,498,628 |

(1) Ten years maturity extension to CSB Series 46 until November 1, 2013.
(2) Ten years maturity extension to CSB Series 47 until November 1, 2014.
(3) Ten years maturity extension to CSB Series 48 until November 1, 2015.
(4) Ten years maturity extension to CSB Series 49 until November 1, 2016.
(5) Ten years maturity extension to CSB Series 50 and 52 until November 1, 2017.
(6) Ten years maturity extension to CSB Series 51, 54, 55, 56, 57, 58 and CPB Series 3, 4, 5, 6, 7.
(7) Ten years maturity extension to CSB Series 59, 60, 61, 62, 63, 64 and CPB Series 8, 9, 10, 11, 12, 13.
(8) Ten years maturity extension to CSB Series 65 and CPB Series 14.

## Bonds for Canada Pension Plan

Bonds for Canada Pension Plan are interest-bearing certificates of indebtedness issued by the Government of Canada exclusively to the Canada Pension Plan (CPP) Investment Board and have the following characteristics:

- not negotiable;
- not transferable;
- not assignable;
- issued in Canadian currency only;
- term to maturity of 20 years or less;
- interest payable semi-annually; and,
- redeemable at face value plus accrued interest.

Table 6.5 presents a summary of the balances and transactions for these bonds.

**TABLE 6.5**

BONDS FOR CANADA PENSION PLAN

| | April 1/2010 | Receipts and other credits | Payments and other charges | March 31/2011 |
|---|---|---|---|---|
| | $ | $ | $ | $ |
| Matured 2010-2011 | 425,010,000 | | 425,010,000 | |
| Maturing 2011-2012 | 15,763,000 | | | 15,763,000 |
| 2012-2013 | 11,118,000 | | | 11,118,000 |
| Total | 451,891,000 | | 425,010,000 | 26,881,000 |

## Canada Bills

Canada bills are short-term certificates of indebtedness issued by the Government of Canada in the United States money market under the Government's foreign currency borrowing program. Canada bills provide Canada with an additional source of short-term US funds and have the following characteristics:

- issued at a discount in lieu of interest payments;
- term to maturity of not more than 270 days;
- transferable; and,
- bought and sold on the open market.

The year-end balance of Canada bills payable in US dollars was translated into Canadian dollars using the closing rate of exchange at March 31, 2011.

Table 6.6 presents a summary of Canada bill issues and redemptions.

**TABLE 6.6**

CANADA BILLS

| | April 1/2010 | Receipts and other credits | Payments and other charges | March 31/2011 |
|---|---|---|---|---|
| | $ | $ | $ | $ |
| Canada bills before revaluation | 2,346,665,926 | 8,186,625,529 | 8,613,529,643 | 1,919,761,812 |
| Exchange valuation adjustment | 106,039,043 | | 53,698,449 | 52,340,594 |
| Total | 2,452,704,969 | 8,186,625,529 | 8,667,228,092 | 1,972,102,406 |

## Cross-currency Swap Revaluation

This represents the unrealized gains or losses due to fluctuations in the foreign exchange value of the cross-currency swaps.

## Unamortized Discounts and Premiums on Market Debt

The unamortized discounts and premiums on market debt have the following characteristics:

- unamortized discounts on Canada bills records the portion of the discounts on outstanding Canada bills which has not yet been charged to expenses. Discounts are amortized over the life of the bills;
- unamortized discounts on Treasury bills records the portion of the discounts on outstanding Treasury bills which has not yet been charged to expenses. Discounts are amortized over the life of the bills; and,
- unamortized discounts and premiums on marketable bonds records the portion of the discounts and premiums on outstanding marketable bonds which has not yet been charged to expenses. Discounts and premiums are amortized over the life of the bonds.

Table 6.7 presents a summary of the balances and transactions for the unamortized discounts and premiums on market debt.

### TABLE 6.7
### UNAMORTIZED DISCOUNTS AND PREMIUMS ON MARKET DEBT

| | April 1/2010 | Receipts and other credits | Payments and other charges | March 31/2011 |
|---|---|---|---|---|
| | $ | $ | $ | $ |
| Unamortized discounts on Canada Bills | (419,341) | 4,502,881 | 4,453,050 | (369,510) |
| Unamortized discounts on Treasury Bills | (255,558,199) | 1,307,422,970 | 1,677,370,085 | (625,505,314) |
| Unamortized discounts and premiums on marketable bonds | (4,836,133,009) | 1,834,161,140 | 857,104,098 | (3,859,075,967) |
| Total | (5,092,110,549) | 3,146,086,991 | 2,538,927,233 | (4,484,950,791) |

## Interest Rates

Table 6.8 sets out market debt as at March 31, for each of the years 2006-2007 to 2010-2011 inclusively, with the average rate of interest thereon. For purposes of comparison, market debt is classified as Marketable bonds, Treasury bills, Retail debt, Bonds for the Canada Pension Plan, Canada bills and Foreign currency notes.

### TABLE 6.8

### MARKET DEBT AS AT MARCH 31, FROM 2007 TO 2011, WITH THE AVERAGE RATE OF INTEREST THEREON

| | Marketable bonds | | Treasury bills | | Retail debt | | Bonds for Canada Pension Plan | | Canada bills | | Foreign currency notes | | Total market debt | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Amount out-standing | Average interest rate | Amount out-standing | Average interest rate | Amount out-standing | Average interest rate | Amount out-standing | Average interest rate | Amount out-standing | Average interest rate | Amount out-standing | Average interest rate | Amount out-standing | Average interest rate |
| | $(millions) | % | $(millions) | % | $(millions) | % | $(millions) | % | $(millions) | % | $(millions) | % | $(millions) | % |
| 2011 ...... | 421,736 | 3.55 | 162,980 | 1.12 | 10,141 | 1.10 | 27 | 9.69 | 1,972 | 0.15 | | | 596,856 | 2.83 |
| 2010 ...... | 373,752 | 3.85 | 175,849 | 0.40 | 11,855 | 1.32 | 452 | 11.19 | 2,453 | 0.13 | | | 564,361 | 2.71 |
| 2009 ...... | 295,184 | 4.53 | 192,275 | 1.34 | 12,532 | 2.32 | 523 | 11.03 | 8,707 | 0.64 | 1,676 | 4.50 | 510,897 | 3.21 |
| 2008 ...... | 259,429 | 5.08 | 116,936 | 3.60 | 13,068 | 3.50 | 1,042 | 10.62 | 1,483 | 2.59 | 2,136 | 3.87 | 394,094 | 4.61 |
| 2007 ...... | 263,889 | 5.23 | 134,074 | 4.20 | 15,175 | 3.54 | 1,743 | 10.37 | 1,847 | 5.11 | 2,118 | 3.92 | 418,846 | 4.86 |

Note: The interest rate in effect at March 31 is used where various rates of interest are applicable.

Table 6.9 shows the average high and low yields of Treasury bills, at tender, together with the average yield on the latest issues for the years 2006-2007 to 2010-2011 inclusively.

### TABLE 6.9

### TREASURY BILLS AVERAGE YIELDS AT TENDER

| | High | Low | Last issue |
|---|---|---|---|
| Year ended March 31 | % | % | % |
| Three-month bills | | | |
| 2011 .................... | 1.01 | 0.29 | 0.92 |
| 2010 .................... | 0.42 | 0.17 | 0.23 |
| 2009 .................... | 2.83 | 0.46 | 0.46 |
| 2008 .................... | 4.61 | 2.03 | 2.03 |
| 2007 .................... | 4.30 | 3.90 | 4.17 |
| Six-month bills | | | |
| 2011 .................... | 1.17 | 0.47 | 1.08 |
| 2010 .................... | 0.52 | 0.26 | 0.35 |
| 2009 .................... | 3.09 | 0.56 | 0.56 |
| 2008 .................... | 4.70 | 2.29 | 2.29 |
| 2007 .................... | 4.44 | 4.00 | 4.19 |
| 364 days bills | | | |
| 2011 .................... | 1.46 | 0.95 | 1.34 |
| 2010 .................... | 0.77 | 0.46 | 0.77 |
| 2009 .................... | 3.30 | 0.68 | 0.68 |
| 2008 .................... | 4.78 | 2.34 | 2.34 |
| 2007 .................... | 4.55 | 4.10 | 4.17 |
| Other bills | | | |
| 2011 .................... | 0.99 | 0.17 | 0.97 |
| 2010 .................... | 0.25 | 0.18 | 0.24 |
| 2009 .................... | 3.39 | 0.84 | 0.84 |
| 2008 .................... | 4.47 | 2.20 | 3.06 |
| 2007 .................... | 4.27 | 3.80 | 4.27 |

## Maturity of Government Debt

Table 6.10 presents total market debt arranged in order of maturity.

### TABLE 6.10

### MATURITY OF GOVERNMENT DEBT

| | Marketable bonds | | Treasury bills | | Retail debt | | Bonds for Canada Pension Plan | | Canada bills | | Foreign currency notes | | Total market debt | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Amount | Average interest rate | Amount | Average interest rate | Amount | Average interest rate | Amount | Average interest rate | Amount | Average interest rate | Amount | Average interest rate | Amount | Average interest rate |
| | $(millions) | % | $(millions) | % | $(millions) | % | $(millions) | % | $(millions) | % | $(millions) | % | $(millions) | % |
| 2012 | 41,467 | 2.71 | 163,000 | 1.12 | 664 | 1.00 | 16 | 9.92 | 1,972 | 0.15 | | | 207,119 | 1.43 |
| 2013 | 74,200 | 2.38 | | | 1,127 | 1.00 | 11 | 9.37 | | | | | 75,338 | 2.36 |
| 2014 | 43,008 | 3.43 | | | 1,070 | 2.01 | | | | | | | 44,078 | 3.39 |
| 2015 | 41,213 | 3.06 | | | 656 | 0.81 | | | | | | | 41,869 | 3.03 |
| 2016 | 30,942 | 3.47 | | | 580 | 1.16 | | | | | | | 31,522 | 3.43 |
| 2017/21 | 75,140 | 3.66 | | | 6,044 | 1.02 | | | | | | | 81,184 | 3.46 |
| 2022/26 | 23,662 | 5.19 | | | | | | | | | | | 23,662 | 5.19 |
| 2027/31 | 25,933 | 5.88 | | | | | | | | | | | 25,933 | 5.88 |
| 2032/36 | 20,886 | 5.12 | | | | | | | | | | | 20,886 | 5.12 |
| 2037/41 | 20,690 | 4.35 | | | | | | | | | | | 20,690 | 4.35 |
| 2042/46 | 24,979 | 3.22 | | | | | | | | | | | 24,979 | 3.22 |
| | 422,120 | 3.55 | 163,000 | 1.12 | 10,141 | 1.10 | 27 | 9.69 | 1,972 | 0.15 | | | 597,260 | 2.83 |
| Less: Government's holdings and consolidation adjustment[1] | 384 | 2.96 | 20 | | | | | | | | | | 404 | 2.96 |
| Total | 421,736 | 3.55 | 162,980 | 1.12 | 10,141 | 1.10 | 27 | 9.69 | 1,972 | 0.15 | | | 596,856 | 2.83 |

Note: This table includes unmatured debt issued by the Government of Canada. Borrowings of agent enterprise Crown corporations which are unconditional obligations of the Government, but not included in unmatured debt, can be found in Table 6.11.

[1] Includes government's holdings and securities held for the retirement of unmatured debt (Marketable bonds - $53 million with an average interest rate of 8.42 percent) and consolidation adjustments.

## Statement of all Borrowing Transactions on behalf of Her Majesty

Table 6.11 presents information on the Government's borrowing transactions. Included in this table are: borrowings by the Government for general purposes, and borrowings by agent enterprise Crown corporations. Borrowings by non-agent enterprise Crown corporations and other government business enterprises are not included because such borrowings are not on behalf of Her Majesty.

### TABLE 6.11

### STATEMENT OF ALL BORROWING TRANSACTIONS ON BEHALF OF HER MAJESTY

(in millions of dollars)

| | April 1/2010 | Issues/ Borrowings | Retirements | March 31/2011 |
|---|---|---|---|---|
| Market debt of the Government of Canada[1] | 564,361 | 561,331 | 528,836 | 596,856 |
| Cross-currency swap revaluation | (4,233) | 543 | 1,401 | (5,091) |
| Unamortized discounts and premiums on market debt[1] | (5,092) | 3,146 | 2,539 | (4,485) |
| Obligation related to capital leases[1] | 4,090 | 138 | 543 | 3,685 |
| Other unmatured debt | | 190 | | 190 |
| | *559,126* | *565,348* | *533,319* | *591,155* |
| Borrowings of enterprise Crown corporations designated as agents of Her Majesty[2] | 211,289 | 61,584 | 45,231 | 227,642 |
| Total | 770,415 | 626,932 | 578,550 | 818,797 |

[1] Details can be found in this section.

[2] The comparative figure has been restated. Details can be found in Section 9 (Table 9.6) of this volume.

## Structure of interest-bearing debt

Table 6.12 presents the proportion of interest-bearing debt having fixed rates (debt that does not mature or need to be re-priced within a year).

### TABLE 6.12
### STRUCTURE OF INTEREST-BEARING DEBT

| | March 31/2011 | | March 31/2010 | |
|---|---|---|---|---|
| | Total | Portion of total of which interest is fixed[1] | Total | Portion of total of which interest is fixed[1] |
| | $(millions) | % | $(millions) | % |
| Unmatured debt— | | | | |
| Market debt— | | | | |
| Payable in Canadian currency— | | | | |
| Marketable bonds— | | | | |
| Nominal | 378,687 | 89.1 | 333,344 | 92.2 |
| Real return | 37,724 | 50.0 | 34,669 | 50.0 |
| Treasury bills | 163,000 | | 175,900 | |
| Retail debt | 10,141 | 20.0 | 11,855 | 20.0 |
| Bonds for Canada Pension Plan | 27 | 40.7 | 452 | 6.0 |
| | *589,579* | *60.7* | *556,220* | *58.8* |
| Payable in foreign currencies | 7,681 | 74.3 | 8,298 | 70.5 |
| Less: | | | | |
| Government's holdings | 627 | 8.5 | (55) | 50.9 |
| Consolidation adjustment | (223) | | (102) | |
| Total—Market debt[2] | 596,856 | 61.0 | 564,361 | 59.0 |
| Cross-currency swap revaluation | (5,091) | | (4,233) | |
| Unamortized discounts and premiums on market debt | (4,485) | | (5,092) | |
| Obligation related to capital leases | 3,685 | 100.0 | 4,090 | 100.0 |
| Other unmatured debt | 190 | 100.0 | | |
| Total—Unmatured debt | 591,155 | 61.3 | 559,126 | 59.3 |
| Pension, other future benefits and other liabilities— | | | | |
| Public sector pensions | 146,135 | 97.0 | 142,843 | 97.0 |
| Other employee and veteran future benefits | 58,206 | | 54,227 | |
| Other liabilities | 6,315 | 7.5 | 6,587 | 10.0 |
| Total—Pension, other future benefits and other liabilities | 210,656 | 67.5 | 203,657 | 68.4 |
| Total—Interest-bearing debt[3] | 801,811 | 63.1 | 762,783 | 63.3 |

[1] Interest-bearing debt having fixed rates (debt that does not mature or need to be re-priced within a year).

[2] The weighted average term to maturity of market debt was 5.9 years in 2011 and 6.0 years in 2010.

[3] The fixed rate share of the debt is adjusted by excluding components of the debt that are matched with financial assets of the same term and therefore do not represent an exposure to interest rate risk. The federal liabilities netted out from the fixed-rate share calculation include liabilities funding the assets in the Exchange Fund Account; debt securities matched with corresponding loans to Crown corporations; Government of Canada debt securities held by the Bank of Canada; and the debt offset by Receiver General cash and deposit balances.

| | (in millions of dollars) | |
|---|---|---|
| | 2011 | 2010 |
| Outstanding swap agreements as of March 31 ($ millions Cdn): | | |
| Cross-currency swaps | | |
| Fixed to fixed | 30,812 | 28,848 |
| Fixed to floating | 6,371 | 6,035 |
| Floating to fixed | 687 | 1,326 |
| Floating to floating | 1,201 | 1,274 |
| Foreign exchange | 476 | 76 |
| Total outstanding swap agreements | 39,547 | 37,559 |

## Obligation related to capital leases

A capital lease is a lease that transfers substantially all the benefits and risks inherent in ownership of the asset to the lessee. The net obligation related to capital leases represents the present values of the remaining minimum lease payments under the capital lease arrangements.

Table 6.13 presents the obligation related to capital lease agreements by asset type.

## TABLE 6.13

## OBLIGATION RELATED TO CAPITAL LEASES

| | April 1/2010 | Net changes | March 31/2011 |
|---|---|---|---|
| | $ | $ | $ |
| Land | 8,879,102 | (546,828) | 8,332,274 |
| Buildings | 2,880,126,083 | (316,597,903) | 2,563,528,180 |
| Works and infrastructure | 622,312,960 | (16,842,083) | 605,470,877 |
| Machinery and equipment | 38,543,507 | (10,727,438) | 27,816,069 |
| Vehicles | 539,870,176 | (59,813,121) | 480,057,055 |
| Total | 4,089,731,828 | (404,527,373) | 3,685,204,455 |

# Capital Leases

Table 6.14 provides details of obligation under capital lease arrangements.

## TABLE 6.14

## DETAILS OF OBLIGATION RELATED TO CAPITAL LEASES

(in thousands of dollars)

| | | | | Balances at March 31, 2011 | | |
|---|---|---|---|---|---|---|
| | Inception date | Lease term in years | Discount rate (%) [1] | Total estimated remaining minimum lease payments | Less: imputed interest using the discount rate | Net obligations under capital lease arrangements |
| Canada Revenue Agency— | | | | | | |
| IBM-Computer hardware | Oct 2008 | 4 | 3.32 | 1,231 | 32 | 1,199 |
| IBM-Computer hardware | Oct 2008 | 4 | 3.32 | 1,426 | 37 | 1,389 |
| IBM-Computer hardware | Oct 2008 | 4 | 3.32 | 1,648 | 42 | 1,606 |
| IBM-Computer hardware | Oct 2008 | 4 | 3.32 | 1,860 | 48 | 1,812 |
| IBM-Additional engines for computer hardware | Jan 2010 | 3 | 1.76 | 988 | 14 | 974 |
| IBM-Additional engines for computer hardware | Jan 2010 | 3 | 1.76 | 1,913 | 26 | 1,887 |
| IBM-Additional engines for computer hardware | July 2010 | 2 | 1.57 | 1,535 | 19 | 1,516 |
| IBM-Additional engines for computer hardware | Jan 2011 | 2 | 1.62 | 1,308 | 17 | 1,291 |
| Other capital leases less than $1,000,000 | | | | 1,650 | 20 | 1,630 |
| | | | | *13,559* | *255* | *13,304* |
| Canadian Heritage— | | | | | | |
| National Film Board— | | | | | | |
| Spirit 4K Film Scanner and DataCine | July 2008 | 5 | 8.00 | 559 | 34 | 525 |
| Other capital leases less than $1,000,000 | | | | 279 | 14 | 265 |
| | | | | *838* | *48* | *790* |
| Environment— | | | | | | |
| Carleton University, Ottawa - National Wildlife Research Centre | May 2002 | 25 | 5.63 | 20,800 | 7,323 | 13,477 |
| Supercomputer Meteorological Service of Canada | Sept 2009 | 3 | 0.71 | 6,751 | 305 | 6,446 |
| | | | | *27,551* | *7,628* | *19,923* |
| National Defence— | | | | | | |
| Longue Pointe Supply Depot | Nov 1994 | 35 | 7.64 | 62,919 | 29,381 | 33,538 |
| Edmonton Armoury - South | May 2001 | 20 | 6.07 | 21,621 | 5,498 | 16,123 |
| Edmonton Armoury - North | Dec 2000 | 20 | 5.62 | 13,675 | 3,142 | 10,533 |
| Shawinigan Armoury | May 1999 | 20 | 5.46 | 4,529 | 877 | 3,652 |
| Milit-Air (NFTC) | Dec 1999 | 20 | 5.78 | 534,706 | 116,837 | 417,869 |
| Milit-Air (NFTC) | Oct 2003 | 17 | 5.87 | 68,389 | 16,534 | 51,855 |
| Montfort Hospital - Health Services | Oct 2003 | 17 | 5.26 | 69,819 | 21,717 | 48,102 |
| IBM - Z10 Defence Enterprise Server | Jan 2009 | 3 | 8.17 | 1,716 | 56 | 1,660 |
| Heron Unmanned Air Vehicles (Noctua project) | Jan 2011 | 1 | 0.00 | 10,333 | | 10,333 |
| Other capital leases less than $1,000,000 | | | | 316 | 6 | 310 |
| | | | | *788,023* | *194,048* | *593,975* |

## TABLE 6.14

## DETAILS OF OBLIGATION RELATED TO CAPITAL LEASES—*Continued*

(in thousands of dollars)

|  |  |  |  | Balances at March 31, 2011 |  |  |
|---|---|---|---|---|---|---|
|  | Inception date | Lease term in years | Discount rate (%) (1) | Total estimated remaining minimum lease payments | Less: imputed interest using the discount rate | Net obligations under capital lease arrangements |
| Natural Resources— |  |  |  |  |  |  |
| 183 Longwood Drive, Hamilton | Nov 2010 | 25 | 3.45 | 116,139 | 37,949 | 78,190 |
| Parliament— |  |  |  |  |  |  |
| House of Commons— |  |  |  |  |  |  |
| Speed Master - Heidelberg | Feb 2011 | 5 | 5.25 | 1,958 | 236 | 1,722 |
| Other capital leases less than $1,000,000 |  |  |  | 2,622 | 262 | 2,360 |
|  |  |  |  | *4,580* | *498* | *4,082* |
| Public Safety and Emergency Preparedness— |  |  |  |  |  |  |
| Royal Canadian Mounted Police— |  |  |  |  |  |  |
| RCMP Detachment, Cornwall | Aug 2009 | 25 | 5.54 | 26,836 | 11,818 | 15,018 |
| Public Works and Government Services— |  |  |  |  |  |  |
| 1 Arctic Road, Inuvik | March 2008 | 10 | 10.73 | 1,202 | 360 | 842 |
| 101 Frederick Street, Kitchener (Lease 1 of 2) | July 2010 | 5 | 2.98 | 922 | 57 | 865 |
| 101 Frederick Street, Kitchener (Lease 2 of 2) | July 2010 | 5 | 7.66 | 1,807 | 269 | 1,538 |
| 110 O'Connor Street, Ottawa (Lease 1 of 6) | April 2009 | 10 | 5.70 | 4,623 | 918 | 3,705 |
| 110 O'Connor Street, Ottawa (Lease 2 of 6) | April 2009 | 10 | 5.43 | 4,537 | 863 | 3,674 |
| 110 O'Connor Street, Ottawa (Lease 3 of 6) | Dec 2009 | 10 | 5.43 | 8,189 | 1,668 | 6,521 |
| 110 O'Connor Street, Ottawa (Lease 4 of 6) | Dec 2009 | 10 | 5.43 | 6,072 | 1,237 | 4,835 |
| 110 O'Connor Street, Ottawa (Lease 5 of 6) | Dec 2009 | 10 | 5.43 | 3,171 | 646 | 2,525 |
| 110 O'Connor Street, Ottawa (Lease 6 of 6) | April 2010 | 10 | 4.37 | 1,793 | 303 | 1,490 |
| 1130 Morrison Drive, Ottawa | April 2003 | 10 | 6.12 | 377 | 23 | 354 |
| 117 Glencoe Drive, Mount Pearl | Aug 2009 | 10 | 3.57 | 3,132 | 426 | 2,706 |
| 135 Hunter Street East, Hamilton | June 2003 | 10 | 5.66 | 931 | 57 | 874 |
| 1363 Fourth Avenue, Prince George | Dec 2010 | 10 | 6.84 | 1,691 | 456 | 1,235 |
| 1431 Merivale Road, Ottawa | Oct 2007 | 10 | 8.22 | 3,414 | 776 | 2,638 |
| 1484 Centennial Drive, Kingston | Oct 2006 | 10 | 18.24 | 2,987 | 1,098 | 1,889 |
| 159 Cleopatra Drive, Ottawa | March 2011 | 10 | 1.33 | 5,562 | 353 | 5,209 |
| 1600 Star Top, Gloucester | July 2004 | 15 | 7.15 | 25,238 | 6,217 | 19,021 |
| 1620 Dickson Avenue, Kelowna | April 2006 | 10 | 4.38 | 1,749 | 181 | 1,568 |
| 1725 Woodward Drive, Ottawa (Lease 1 of 2) | Dec 2009 | 10 | 8.94 | 3,889 | 1,190 | 2,699 |
| 1725 Woodward Drive, Ottawa (Lease 2 of 2) | Dec 2009 | 10 | 8.55 | 3,592 | 1,061 | 2,531 |
| 179 Third Avenue, Timmins | Feb 2010 | 10 | 8.69 | 6,757 | 2,051 | 4,706 |
| 18 Corporation Drive, Brampton | April 2004 | 9 | 4.37 | 912 | 40 | 872 |
| 1801 Hollis and Duke, Halifax | Oct 2009 | 10 | 3.89 | 4,025 | 618 | 3,407 |
| 181 Queen Street, Ottawa | March 2004 | 20 | 10.65 | 47,086 | 21,979 | 25,107 |
| 1925 McCallum Road, Abbotsford | Nov 2008 | 15 | 4.30 | 4,944 | 1,226 | 3,718 |
| 200 John Street West, Oshawa | Nov 2009 | 10 | 7.16 | 2,385 | 607 | 1,778 |
| 22 De Varennes Street, Gatineau | Nov 2007 | 10 | 10.97 | 4,081 | 1,184 | 2,897 |
| 220 Fortin Street, Quebec | Dec 2007 | 10 | 15.65 | 1,574 | 600 | 974 |
| 2455 Don Reid Drive, Ottawa | Dec 2009 | 15 | 7.71 | 4,217 | 1,615 | 2,602 |
| 248 McArthur Avenue, Ottawa | Sept 2002 | 10 | 7.91 | 610 | 35 | 575 |
| 2525 Dixie Road, Mississauga | Oct 2009 | 5 | 6.67 | 1,441 | 159 | 1,282 |
| 2655 Lancaster Road, Ottawa (Lease 1 of 2) | Feb 2009 | 8 | 3.94 | 1,157 | 125 | 1,032 |
| 2655 Lancaster Road, Ottawa (Lease 2 of 2) | July 2009 | 8 | 4.66 | 1,017 | 128 | 889 |
| 269 Laurier Avenue, Ottawa | Sept 2005 | 15 | 4.18 | 55,013 | 9,600 | 45,413 |
| 275 De Baets Street, Winnipeg | Feb 2007 | 10 | 17.42 | 1,631 | 611 | 1,020 |
| 285 Coventry Road, Ottawa | April 2002 | 10 | 6.10 | 2,006 | 65 | 1,941 |
| 2920 Highway 104, Antigonish | Feb 2006 | 10 | 7.76 | 791 | 133 | 658 |
| 295 Belliveau Avenue, Shediac | Jan 2007 | 15 | 7.93 | 4,166 | 1,376 | 2,790 |
| 3 Lower Malpeque, Charlottetown | June 2008 | 10 | 4.19 | 1,012 | 139 | 873 |
| 3085 Glen Erin Drive, Mississauga (Lease 1 of 2) | Aug 2010 | 7 | 7.28 | 1,804 | 362 | 1,442 |
| 3085 Glen Erin Drive, Mississauga (Lease 2 of 2) | Nov 2010 | 10 | 5.74 | 2,760 | 641 | 2,119 |
| 325 Broadway Avenue, Winnipeg | Jan 2008 | 10 | 10.37 | 9,393 | 2,657 | 6,736 |
| 3299 Industriel Boulevard, Sherbrooke | Nov 2009 | 10 | 6.24 | 1,652 | 383 | 1,269 |
| 3600 Lysander Lane, Richmond | March 2010 | 10 | 0.43 | 3,390 | 67 | 3,323 |
| 365 Hargrave Street, Winnipeg | July 2003 | 10 | 4.65 | 1,135 | 59 | 1,076 |
| 400 City Hall Square East, Windsor | Jan 2006 | 10 | 9.89 | 3,284 | 672 | 2,612 |
| 4210 Labelle Street, Ottawa | April 2002 | 10 | 5.59 | 1,005 | 30 | 975 |

## TABLE 6.14

## DETAILS OF OBLIGATION RELATED TO CAPITAL LEASES—*Continued*

(in thousands of dollars)

| | | | | Balances at March 31, 2011 | | |
|---|---|---|---|---|---|---|
| | Inception date | Lease term in years | Discount rate (%) [1] | Total estimated remaining minimum lease payments | Less: imputed interest using the discount rate | Net obligations under capital lease arrangements |
| 4455 12th Avenue, Shawinigan-Sud | Sept 2003 | 10 | 8.85 | 1,012 | 104 | 908 |
| 50 King Street, Moncton | June 2002 | 10 | 6.40 | 295 | 11 | 284 |
| 50 Queen Street North, Kitchener | Nov 2006 | 7 | 7.81 | 1,757 | 170 | 1,587 |
| 5019, 52nd Street, Yellowknife | Feb 2011 | 10 | 2.54 | 2,096 | 243 | 1,853 |
| 520 Exmouth Street, Sarnia | Dec 2006 | 10 | 4.08 | 3,032 | 329 | 2,703 |
| 555 McAllister Drive, Saint John | Nov 2007 | 10 | 8.16 | 4,199 | 959 | 3,240 |
| 6th and 2nd Building, Edmonton | Sept 2009 | 5 | 3.49 | 1,002 | 59 | 943 |
| 635 8th Avenue South West, Calgary | July 2009 | 10 | 3.55 | 8,739 | 1,196 | 7,543 |
| 65 John Savage Avenue, Dartmouth | Oct 2004 | 10 | 5.93 | 1,461 | 145 | 1,316 |
| 6503 67th Street, Red Deer | Sept 2009 | 10 | 4.81 | 1,104 | 198 | 906 |
| 78 Richmond Street West, Oshawa | July 2009 | 5 | 9.75 | 3,034 | 453 | 2,581 |
| 8 Colonnade Road, Ottawa | May 2007 | 10 | 5.91 | 1,771 | 286 | 1,485 |
| 8 Queen Street East, Sault Ste Marie | June 2010 | 10 | 4.95 | 2,677 | 528 | 2,149 |
| 81 Kingmingya Road, Inuvik | Jan 2011 | 10 | 7.35 | 1,490 | 428 | 1,062 |
| 859 Main Street, Moncton | July 2008 | 10 | 5.49 | 1,404 | 248 | 1,156 |
| 985 McGill Place, Kamloops | June 2002 | 15 | 13.50 | 1,893 | 613 | 1,280 |
| Admiral Building, Ottawa | Aug 2009 | 15 | 11.51 | 2,235 | 1,142 | 1,093 |
| Albion Executive Tower, Ottawa | Dec 2009 | 10 | 6.80 | 2,783 | 684 | 2,099 |
| Bank of Canada, Ottawa | Sept 2002 | 10 | 6.00 | 2,280 | 99 | 2,181 |
| Barker House, Fredericton | April 2010 | 10 | 2.82 | 3,206 | 383 | 2,823 |
| Bell Canada Place, Ottawa | May 2003 | 15 | 10.88 | 6,690 | 2,040 | 4,650 |
| Bell Tower, Edmonton | Jan 2004 | 10 | 18.61 | 1,787 | 397 | 1,390 |
| Bellanca Building, Yellowknife | March 2007 | 5 | 4.14 | 1,274 | 26 | 1,248 |
| Bonaventure Place, Montreal | May 2005 | 10 | 16.43 | 3,596 | 989 | 2,607 |
| Boyd Warehouse, Complex No 2, Ottawa | April 2002 | 10 | 14.98 | 436 | 33 | 403 |
| Broad Street Crossing, Regina (Lease 1 of 2) | May 2008 | 10 | 4.88 | 1,543 | 241 | 1,302 |
| Broad Street Crossing, Regina (Lease 2 of 2) | May 2008 | 10 | 9.77 | 1,195 | 335 | 860 |
| C. D. Howe Building, Ottawa | Sept 1977 | 35 | 9.19 | 8,642 | 568 | 8,074 |
| Canada Building, Ottawa | April 2007 | 10 | 4.27 | 4,332 | 516 | 3,816 |
| Canada Building & Enterprise Building, Ottawa | April 2004 | 9 | 5.94 | 14,469 | 858 | 13,611 |
| Canada Place Building, Edmonton | Oct 2007 | 25 | 4.44 | 398,051 | 150,284 | 247,767 |
| Canada Post Place, Ottawa | Dec 2004 | 15 | 4.91 | 26,602 | 4,971 | 21,631 |
| Cargill Building, Winnipeg | July 2008 | 10 | 7.38 | 8,337 | 1,896 | 6,441 |
| Carling Square, Tower I, Ottawa | Oct 2007 | 10 | 11.76 | 5,395 | 1,636 | 3,759 |
| Carling Square, Tower II, Ottawa | Dec 2007 | 10 | 7.83 | 8,974 | 2,000 | 6,974 |
| Centennial House, Winnipeg | April 2008 | 10 | 4.69 | 3,637 | 550 | 3,087 |
| Centennial Towers, Ottawa | Dec 2003 | 10 | 6.70 | 29,047 | 2,515 | 26,532 |
| Chief Joseph Big Plume Building, Sarcee | Jan 2011 | 10 | 5.93 | 4,402 | 1,065 | 3,337 |
| City Place, Winnipeg (Lease 1 of 2) | Nov 2008 | 10 | 9.16 | 2,283 | 645 | 1,638 |
| City Place, Winnipeg (Lease 2 of 2) | April 2009 | 10 | 7.04 | 4,393 | 1,049 | 3,344 |
| Coast Guard Base, Mount Pearl | Feb 2011 | 8 | 2.21 | 2,064 | 171 | 1,893 |
| Colonnade Warehouse, Nepean | April 2007 | 10 | 7.80 | 1,233 | 251 | 982 |
| Commerce Tower, Sidney | Dec 2004 | 7 | 4.21 | 158 | 2 | 156 |
| Commodity Exchange & Winnipeg Square, Winnipeg (Lease 1 of 2) | Jan 2009 | 9 | 9.61 | 5,069 | 1,379 | 3,690 |
| Commodity Exchange & Winnipeg Square, Winnipeg (Lease 2 of 2) | Jan 2009 | 9 | 9.74 | 3,615 | 994 | 2,621 |
| Corneston E Systems, Ottawa | Sept 2006 | 5 | 6.25 | 340 | 6 | 334 |
| Crowsnest Trail Plaza, Lethbridge | July 2008 | 10 | 5.83 | 1,278 | 244 | 1,034 |
| De La Cité Place, Gatineau | Dec 2003 | 15 | 9.78 | 29,931 | 8,926 | 21,005 |
| Des Explorateurs Place, Gatineau | Oct 2008 | 10 | 4.68 | 2,336 | 375 | 1,961 |
| Federal Court, Montreal | Feb 1994 | 20 | 21.53 | 4,847 | 1,242 | 3,605 |
| Fontaine Building, Gatineau | Jan 2008 | 15 | 5.82 | 38,928 | 10,786 | 28,142 |
| Fraser Building, Ottawa | Feb 2010 | 10 | 3.24 | 4,046 | 532 | 3,514 |
| Galeries Laurentides, Saint-Jérôme | June 2007 | 10 | 15.13 | 1,518 | 535 | 983 |
| Glencoe Building, Mount Pearl | Dec 2007 | 10 | 10.74 | 2,621 | 755 | 1,866 |
| Guy Favreau Complex, Montreal | Jan 2004 | 15 | 5.84 | 82,820 | 21,122 | 61,698 |
| Hamilton Centre, Regina | June 2002 | 10 | 15.88 | 953 | 88 | 865 |
| Harry Hays Building, Calgary | Oct 2007 | 25 | 4.44 | 394,035 | 148,803 | 245,232 |

## TABLE 6.14

## DETAILS OF OBLIGATION RELATED TO CAPITAL LEASES—*Continued*

(in thousands of dollars)

| | | | | Balances at March 31, 2011 | | |
|---|---|---|---|---|---|---|
| | Inception date | Lease term in years | Discount rate (%) (1) | Total estimated remaining minimum lease payments | Less: imputed interest using the discount rate | Net obligations under capital lease arrangements |
| Heritage Court, Moncton | July 2002 | 10 | 11.36 | 893 | 64 | 829 |
| Historic Properties, Halifax | Jan 2006 | 10 | 8.18 | 1,944 | 338 | 1,606 |
| I.C.A.O., Montreal | Nov 1996 | 20 | 9.94 | 85,738 | 24,583 | 61,155 |
| Iberville IV Tower, Sainte-Foy | April 2005 | 10 | 4.68 | 708 | 64 | 644 |
| Jean Edmonds Tower North, Ottawa | Jan 2005 | 10 | 4.53 | 34,008 | 2,786 | 31,222 |
| Joe Tobie Building, Yellowknife | April 2008 | 5 | 3.08 | 615 | 19 | 596 |
| Joseph Shepard Building, Toronto | Oct 2007 | 25 | 4.44 | 272,429 | 102,890 | 169,539 |
| Judicial Complex, Toronto | April 2006 | 20 | 11.40 | 87,541 | 48,074 | 39,467 |
| Kent Square Building, Ottawa | Oct 2007 | 10 | 4.52 | 4,176 | 563 | 3,613 |
| Laurier Place, Ottawa | May 2009 | 10 | 5.51 | 3,639 | 708 | 2,931 |
| Library Square (Block 56), Vancouver | May 1995 | 25 | 9.68 | 60,558 | 20,371 | 40,187 |
| Lionel Chevrier Building, Cornwall | Dec 2004 | 15 | 6.07 | 6,857 | 1,536 | 5,321 |
| Louis St-Laurent, Gatineau | Nov 2001 | 15 | 6.38 | 48,395 | 9,474 | 38,921 |
| Maritime Centre, Halifax (Lease 1 of 3) | Oct 2006 | 10 | 10.41 | 1,137 | 274 | 863 |
| Maritime Centre, Halifax (Lease 2 of 3) | Jan 2010 | 15 | 6.26 | 21,777 | 7,324 | 14,453 |
| Maritime Centre, Halifax (Lease 3 of 3) | Jan 2010 | 15 | 5.78 | 2,260 | 715 | 1,545 |
| Megasys Phase II, Calgary | Feb 2008 | 10 | 5.62 | 6,212 | 1,064 | 5,148 |
| Mercury Centre, Ottawa | Jan 2007 | 25 | 4.50 | 134,900 | 47,349 | 87,551 |
| Midwest Surveys Building, Calgary | April 2007 | 10 | 17.88 | 4,006 | 1,559 | 2,447 |
| Montcalm Place, Phase III, Gatineau | Dec 2003 | 15 | 8.65 | 31,200 | 8,450 | 22,750 |
| Narono Building, Ottawa | Feb 2008 | 10 | 4.61 | 1,779 | 259 | 1,520 |
| Nova Plaza, Yellowknife (Lease 1 of 2) | April 2009 | 10 | 6.00 | 3,497 | 725 | 2,772 |
| Nova Plaza, Yellowknife (Lease 2 of 2) | April 2010 | 10 | 10.21 | 1,778 | 618 | 1,160 |
| Parks Canada Building, Dartmouth | July 2009 | 20 | 7.61 | 4,948 | 2,277 | 2,671 |
| Pickering Building Towers A & B, Ottawa | Dec 2006 | 5 | 18.34 | 937 | 61 | 876 |
| Purdy's Wharf Tower II, Halifax | Oct 2003 | 8 | 4.48 | 298 | 4 | 294 |
| RCMP Building, Montreal | Oct 2007 | 25 | 4.44 | 68,266 | 25,881 | 42,385 |
| Revenu Canada Building, Montreal | Oct 2007 | 25 | 4.44 | 139,261 | 52,618 | 86,643 |
| Roper Ridge Business Park, Edmonton | Nov 2008 | 10 | 6.43 | 6,694 | 1,434 | 5,260 |
| Rosdev de Ville, Gatineau | June 2007 | 10 | 4.58 | 22,802 | 2,970 | 19,832 |
| Royal Bank Building, Toronto | May 2002 | 10 | 12.50 | 5,675 | 393 | 5,282 |
| Royal Centre, New Westminster (Lease 1 of 2) | Nov 2008 | 10 | 11.22 | 2,201 | 723 | 1,478 |
| Royal Centre, New Westminster (Lease 2 of 2) | March 2011 | 9 | 5.96 | 1,414 | 334 | 1,080 |
| Sixty Queen Building, Ottawa (Lease 1 of 2) | July 2008 | 10 | 3.94 | 2,094 | 264 | 1,830 |
| Sixty Queen Building, Ottawa (Lease 2 of 2) | May 2009 | 9 | 0.32 | 5,993 | 67 | 5,926 |
| Sixty-Six Slater Building, Ottawa (Lease 1 of 2) | April 2009 | 10 | 4.95 | 4,897 | 860 | 4,037 |
| Sixty-Six Slater Building, Ottawa (Lease 2 of 2) | Sept 2010 | 10 | 5.53 | 1,964 | 436 | 1,528 |
| Skyline Complex, Ottawa | Oct 2007 | 25 | 4.44 | 307,793 | 116,437 | 191,356 |
| Smith Building, St. John's | July 2009 | 10 | 7.08 | 3,881 | 948 | 2,933 |
| Terrasses de la Chaudière, Gatineau | Jan 1993 | 20 | 9.95 | 87,466 | 13,908 | 73,558 |
| The Baker Center Building, Edmonton | Dec 2007 | 10 | 4.45 | 1,220 | 166 | 1,054 |
| The Inuksugait Plaza, Iqaluit | Oct 2006 | 10 | 14.28 | 1,208 | 374 | 834 |
| The New Two Seventy Building, Ottawa | June 2007 | 10 | 4.58 | 7,148 | 938 | 6,210 |
| The Standard Life Centre, Hamilton | Dec 2007 | 5 | 11.15 | 1,199 | 109 | 1,090 |
| Thomas D'Arcy McGee, Ottawa | Oct 2007 | 25 | 4.44 | 240,466 | 90,749 | 149,717 |
| Time Square Building, Ottawa | Oct 2010 | 10 | 4.76 | 6,406 | 1,261 | 5,145 |
| Trebla Building, Ottawa (Lease 1 of 2) | April 2009 | 10 | 9.46 | 8,731 | 2,624 | 6,107 |
| Trebla Building, Ottawa (Lease 2 of 2) | April 2009 | 10 | 2.73 | 922 | 95 | 827 |
| Trusco Building, Ottawa | Sept 2006 | 20 | 4.28 | 107,091 | 28,789 | 78,302 |
| Urbandale Building, Ottawa | June 2002 | 10 | 4.40 | 617 | 17 | 600 |
| VAC Records Management Centre, Charlottetown | Nov 2007 | 15 | 13.43 | 3,820 | 1,887 | 1,933 |
| Vanguard Building, Ottawa | Nov 2007 | 10 | 4.80 | 3,134 | 451 | 2,683 |
| Vault Building, Lethbridge | April 2008 | 10 | 6.18 | 1,410 | 268 | 1,142 |
| Vincent Massey Place, Gatineau | Aug 2001 | 10 | 6.21 | 734 | 9 | 725 |
| Waldron Building, Yellowknife | Aug 2007 | 10 | 12.22 | 1,610 | 493 | 1,117 |
| Wellington Place, Sherbrooke | Feb 2005 | 8 | 6.30 | 524 | 30 | 494 |
| Woodward's Abbott Building, Vancouver | Jan 2010 | 15 | 5.35 | 6,338 | 1,883 | 4,455 |
| Other capital leases less than $1,000,000 | | | | 88,549 | 25,170 | 63,379 |
| | | | | *3,376,231* | *1,097,159* | *2,279,072* |

## TABLE 6.14

## DETAILS OF OBLIGATION RELATED TO CAPITAL LEASES—*Concluded*

(in thousands of dollars)

| | Inception date | Lease term in years | Discount rate (%) [1] | Balances at March 31, 2011<br>Total estimated remaining minimum lease payments | Less: imputed interest using the discount rate | Net obligations under capital lease arrangements |
|---|---|---|---|---|---|---|
| Transport— | | | | | | |
| Confederation Bridge | May 1997 | 35 | 6.16 | 1,383,004 | 777,533 | 605,471 |
| Other departments— | | | | | | |
| Capital leases less than $1,000,000 | | | | 941 | 51 | 890 |
| | | | | 5,737,702 | 2,126,987 | 3,610,715 |
| Consolidated Crown corporations and other entities— | | | | | | |
| Canadian Broadcasting Corporation— | | | | | | |
| HD3 Mobile | Jan 2011 | 5 | 2.95 | 8,381 | 578 | 7,803 |
| Canadian Museum of Nature— | | | | | | |
| Natural Heritage Building, Gatineau, Que | Sept 1996 | 35 | 9.88 | 71,750 | 41,144 | 30,606 |
| Canadian Race Relations Foundation— | | | | | | |
| Capital leases less than $1,000,000 | | | | 10 | 1 | 9 |
| First Nations Statistical Institute— | | | | | | |
| Xerox | | 5 | 4.00 | 40,032 | 4,003 | 36,029 |
| Sustainable Development Technology Canada— | | | | | | |
| Capital leases less than $1,000,000 | | | | 45 | 3 | 42 |
| | | | | 120,218 | 45,729 | 74,489 |
| Total | | | | 5,857,920 | 2,172,716 | 3,685,204 |

[1] For lessors and lessees, the financing rate of a lease agreement is subject to change over the term of lease.

## Minimum lease payments related to capital leases

Table 6.15 presents upcoming minimum leases payments for the next five years by ministry.

## TABLE 6.15

## MINIMUM LEASE PAYMENTS RELATED TO CAPITAL LEASES

(in thousands of dollars)

| | Payments due in<br>2012 | 2013 | 2014 | 2015 | 2016 | 2017 and subsequent years | Total |
|---|---|---|---|---|---|---|---|
| Canada Revenue Agency— | | | | | | | |
| Remaining payments | 9,039 | 4,520 | | | | | 13,559 |
| Imputed interest | 223 | 32 | | | | | 255 |
| | *8,816* | *4,488* | | | | | *13,304* |
| Canadian Heritage— | | | | | | | |
| National Film Board— | | | | | | | |
| Remaining payments | 389 | 389 | 60 | | | | 838 |
| Imputed interest | 38 | 10 | | | | | 48 |
| | *351* | *379* | *60* | | | | *790* |
| Environment— | | | | | | | |
| Remaining payments | 8,051 | 1,300 | 1,300 | 1,300 | 1,300 | 14,300 | 27,551 |
| Imputed interest | 1,064 | 729 | 696 | 662 | 626 | 3,851 | 7,628 |
| | *6,987* | *571* | *604* | *638* | *674* | *10,449* | *19,923* |
| National Defence— | | | | | | | |
| Remaining payments | 94,617 | 82,666 | 82,610 | 82,546 | 82,488 | 363,096 | 788,023 |
| Imputed interest | 33,443 | 30,481 | 27,406 | 24,151 | 20,855 | 57,712 | 194,048 |
| | *61,174* | *52,185* | *55,204* | *58,395* | *61,633* | *305,384* | *593,975* |

## TABLE 6.15

## MINIMUM LEASE PAYMENTS RELATED TO CAPITAL LEASES—*Concluded*

(in thousands of dollars)

| | Payments due in | | | | | | |
|---|---|---|---|---|---|---|---|
| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 and subsequent years | Total |
| Natural Resources— | | | | | | | |
| Remaining payments | 4,718 | 4,718 | 4,718 | 4,718 | 4,718 | 92,549 | 116,139 |
| Imputed interest | 2,665 | 2,593 | 2,519 | 2,442 | 2,362 | 25,368 | 37,949 |
| | *2,053* | *2,125* | *2,199* | *2,276* | *2,356* | *67,181* | *78,190* |
| Parliament | | | | | | | |
| House of Commons— | | | | | | | |
| Remaining payments | 980 | 959 | 954 | 953 | 734 | | 4,580 |
| Imputed interest | 179 | 141 | 101 | 60 | 17 | | 498 |
| | *801* | *818* | *853* | *893* | *717* | | *4,082* |
| Public Safety and Emergency Preparedness— | | | | | | | |
| Royal Canadian Mounted Police— | | | | | | | |
| Remaining payments | 1,146 | 1,146 | 1,146 | 1,146 | 1,146 | 21,106 | 26,836 |
| Imputed interest | 824 | 805 | 786 | 766 | 744 | 7,893 | 11,818 |
| | *322* | *341* | *360* | *380* | *402* | *13,213* | *15,018* |
| Public Works and Government Services— | | | | | | | |
| Remaining payments | 282,629 | 266,166 | 291,427 | 220,834 | 208,405 | 2,106,770 | 3,376,231 |
| Imputed interest | 127,850 | 116,978 | 102,614 | 93,067 | 84,605 | 572,045 | 1,097,159 |
| | *154,779* | *149,188* | *188,813* | *127,767* | *123,800* | *1,534,725* | *2,279,072* |
| Transport— | | | | | | | |
| Remaining payments | 59,075 | 56,650 | 57,506 | 58,375 | 59,257 | 1,092,141 | 1,383,004 |
| Imputed interest | 41,466 | 38,240 | 38,257 | 38,250 | 38,216 | 583,104 | 777,533 |
| | *17,609* | *18,410* | *19,249* | *20,125* | *21,041* | *509,037* | *605,471* |
| Other departments— | | | | | | | |
| Capital leases less than $1,000,000— | | | | | | | |
| Remaining payments | 425 | 266 | 183 | 49 | 18 | | 941 |
| Imputed interest | 27 | 16 | 7 | 1 | 0 | | 51 |
| | *398* | *250* | *176* | *48* | *18* | | *890* |
| | 253,290 | 228,755 | 267,518 | 210,522 | 210,641 | 2,439,989 | 3,610,715 |
| Consolidated Crown corporations and other entities— | | | | | | | |
| Canadian Broadcasting Corporation— | | | | | | | |
| Remaining payments | 1,749 | 1,730 | 1,730 | 1,730 | 1,442 | | 8,381 |
| Imputed interest | 209 | 164 | 117 | 69 | 19 | | 578 |
| | *1,540* | *1,566* | *1,613* | *1,661* | *1,423* | | *7,803* |
| Canadian Museum of Nature— | | | | | | | |
| Remaining payments | 3,500 | 3,500 | 3,500 | 3,500 | 3,500 | 54,250 | 71,750 |
| Imputed interest | 3,017 | 2,967 | 2,912 | 2,851 | 2,783 | 26,614 | 41,144 |
| | *483* | *533* | *588* | *649* | *717* | *27,636* | *30,606* |
| Canadian Race Relations Foundation— | | | | | | | |
| Remaining payments | 3 | 2 | 2 | 3 | | | 10 |
| Imputed interest | 1 | | | | | | 1 |
| | *2* | *2* | *2* | *3* | | | *9* |
| First Nations Statistical Institute— | | | | | | | |
| Remaining payments | 10,008 | 10,008 | 10,008 | 10,008 | | | 40,032 |
| Imputed interest | 1,601 | 1,201 | 801 | 400 | | | 4,003 |
| | *8,407* | *8,807* | *9,207* | *9,608* | | | *36,029* |
| Sustainable Development Technology Canada— | | | | | | | |
| Remaining payments | 14 | 14 | 13 | 4 | | | 45 |
| Imputed interest | 1 | 1 | 1 | | | | 3 |
| | *13* | *13* | *12* | *4* | | | *42* |
| | 10,445 | 10,921 | 11,422 | 11,925 | 2,140 | 27,636 | 74,489 |
| Total | 263,735 | 239,676 | 278,940 | 222,447 | 212,781 | 2,467,625 | 3,685,204 |
| Summary— | | | | | | | |
| Remaining payments | 476,343 | 434,034 | 455,157 | 385,166 | 363,008 | 3,744,212 | 5,857,920 |
| Imputed interest | 212,608 | 194,358 | 176,217 | 162,719 | 150,227 | 1,276,587 | 2,172,716 |
| Net obligation | 263,735 | 239,676 | 278,940 | 222,447 | 212,781 | 2,467,625 | 3,685,204 |

# PENSION AND OTHER FUTURE BENEFITS

Pension and other future benefits include liabilities for public sector pensions and other employee and veteran future benefits established under the authority of section 64 of the *Financial Administration Act*.

## Public Sector Pensions

The Government sponsors defined benefit pension plans covering substantially all its employees, principally members of the Public Service and certain Public Service corporations and Territorial governments, the Canadian Forces, including the Reserve Force and the Royal Canadian Mounted Police. It also has obligations for several other pension plans; the two most significant ones being for Members of Parliament and federally appointed judges.

The liability for public sector pensions represents the Government's obligations for the major pension plans it sponsors. It is recorded through superannuation accounts, which are generally established pursuant to legislation, and through adjustment allowance accounts. The allowance accounts are used to record: the accumulated amortization of any shortfall or excess between the liability for public sector pensions determined on an actuarial basis for accounting purposes and the balances of the superannuation accounts, the accumulated differential between interest credited to the superannuation accounts and interest based on the actuarial obligations, and any other accounting adjustment required under the Government's accounting policies.

The legislation requires that all pension obligations arising from these plans be met. Prior to April 1, 2000, separate market invested funds were not maintained and no formal debt instruments are issued to the pension accounts by the Government in recognition of the amounts related to pensionable service for this period. Since April 1, 2000, amounts equal to contributions less benefits and other payments related to the Public Service, Canadian Forces and Royal Canadian Mounted Police pension plans, and for the Reserve Force Pension Plan, are transferred to the Public Sector Pension Investment Board (PSP Investments) for investment in capital markets. The goal of PSP Investments is to achieve maximum rates of return on investments without undue risk, while respecting the requirements and financial obligations of each of the public sector pension plans. PSP Investments reports the results of the investments in an annual report tabled in Parliament.

Additional information on the above mentioned plans can be found in the annual reports of the administration of the plans that are tabled in Parliament.

### *i. Pension plans*

*Public Service Pension Plan, Canadian Forces Pension Plan including the Reserve Force Pension Plan and Royal Canadian Mounted Police Pension Plan*

Under the *Public Service Superannuation Act*, the *Canadian Forces Superannuation Act* and the *Royal Canadian Mounted Police Superannuation Act*, basic pensions for these plans are generally based on the best five consecutive years' average earnings and accrue at two percent of these average earnings per year of service, to a maximum of 70 percent of final average earnings. Basic pension benefits are coordinated with benefits under the Canada/Quebec Pension Plans. Pension benefits are indexed annually on January 1 to the cost of living.

In 2011, plan members' contributions were 5.5 percent (5.2 percent in 2010) for the first nine months and 5.8 percent (5.5 percent in 2010) for the last three months on salary up to the Yearly Maximum Pensionable Earnings (YMPE) for Canada Pension Plan (CPP) or Quebec Pension Plan (QPP) purposes and 8.4 percent (8.4 percent in 2010) on salary above the YMPE.

Employer contributions are made monthly to provide for the cost (net of employee contributions) of the benefits that have accrued in respect of that month at a rate determined by the President of the Treasury Board. For 2011, the employer contribution rates were about 1.9, 2.5 and 2.2 (1.9, 2.6 and 2.2 respectively in 2010) times the current year's employee contribution for the plans under the *Public Service Superannuation Act*, the *Canadian Forces Superannuation Act* and the *Royal Canadian Mounted Police Superannuation Act*, respectively.

Since April 1, 2000, new contributions made to these pension plans by both plan members and by the Government as the employer are credited to pension fund accounts. An amount equal to these contributions less benefits and other payments related to post March 2000 service is transferred to PSP Investments to be invested in capital markets.

The superannuation accounts, which continue to record the transactions that pertain to pre April 1, 2000 service, are credited with interest at rates that are based on the Government of Canada long-term bond rate. The average interest rate credited to the accounts was about 6.5 percent in 2011 (6.7 percent in 2010). The pension fund accounts, which record the transactions that pertain to service since April 1, 2000, are only flow through accounts used to transfer funds to PSP Investments, and as such they do not earn interest. The balance in these accounts at year-end corresponds to money that was in transit or pending transfer to PSP Investments.

To reflect *Income Tax Act* restrictions on the benefits payable from registered pension plans, pension legislation contains a number of provisions to allow various federal service superannuation plans to adapt to the tax restrictions. These include Retirement Compensation Arrangements Accounts established under the *Special Retirement Arrangements Act* (SRAA), to record transactions for those pension benefits above the limits, or not permitted under the *Income Tax Act*.

*Members of Parliament retiring allowances*

Members of Parliament are eligible at age 55 to receive a basic allowance upon termination of membership and after having contributed to the plan for at least six years. The basic allowance is based on the best five years' average sessional indemnity and accrues at a rate of 3 percent of average sessional indemnities for both Members of the House of Commons and for Senators. Basic allowances are indexed annually on January 1 to the cost of living once recipients reach age 60.

Members' contributions for these benefits are generally 7 percent for Members of the House of Commons and for Senators. The Government contributions are made monthly to provide for the cost (net of Members' contributions) of the benefits that have accrued in respect of that month at a rate determined by the President of the Treasury Board. The Government contributions, expressed as a multiple of Members' contributions, are on average as follows:

| | 2011 | 2010 |
|---|---|---|
| Members of Parliament— | | |
| House of Commons— | | |
| Retiring allowances account | 4.3 | 3.9 |
| Compensation arrangements account | 7.8 | 7.3 |
| The Senate— | | |
| Retiring allowances account | 3.6 | 3.5 |
| Compensation arrangements account | 4.7 | 4.6 |

Contributions are credited to the appropriate pension accounts. The accounts earn interest at a rate of 2.5 percent per quarter.

*Pension plan for federally appointed judges*

This plan provides fully indexed annuities to judges and to all eligible survivors providing they meet minimum age and service requirements. Unlike other pension plans, the judges' plan does not have an explicit accrual rate for benefits. Instead, the full benefit amount is generally payable when the member has completed 15 years of pensionable service and the sum of the member's age and years of service totals 80.

Judges appointed to the bench before February 17, 1975, make required contributions of 1.5 percent of salary. All other judges contribute 7 percent of salary. Legislation does not require a specific pension account to be maintained to record the transactions pertaining to this plan. Therefore, except for the portion recorded in the Supplementary Retirement Benefit Account, the liability pertaining to this plan is recorded through an allowance account. During the year, benefits paid are recorded as expenditures against the statutory payment authority. The expense is adjusted at year-end through an allowance account, to bring the current year expense from an expenditure to an accrual accounting basis, similar to that of the other pension plans. During the year, the benefit payments charged to the expenditure authority amounted to $108 million ($104 million in 2010). At March 31, 2011, the portion of the pension liability recorded through an allowance account for the judges' pension plan amounted to $1,895 million ($1,786 million in 2010).

*ii. Actuarial valuations*

As required under the *Public Pensions Reporting Act*, actuarial valuations are performed at least every three years for funding purposes on the major pension plans using the projected benefit method pro-rated on services.

The most recent date for the actuarial valuation of each pension plan is as follows:

Public Service—March 31, 2008;

Canadian Forces—March 31, 2010;

Royal Canadian Mounted Police—March 31, 2008;

Members of Parliament—March 31, 2010;

Federally appointed judges—March 31, 2010.

Actuarial valuations for the Retirement Compensation Arrangements (RCA) related to the Public Service, Canadian Forces, Royal Canadian Mounted Police and Members of Parliament pension plans were done as part of the valuation of the related plan.

In accordance with the legislation governing the major pension plans, the President of the Treasury Board has the authority to direct that any actuarial deficiency identified be credited to the appropriate account or fund in equal instalments over a period not exceeding fifteen years commencing in the year in which the actuarial report is laid before Parliament. During the year, credit adjustments of $6.2 million and $0.6 million ($6.2 million and $0.6 million in 2010) were made to the Retirement Compensation Arrangements Account No. 2 and the Members of Parliament Retirement Compensation Arrangements Account, respectively as a result of their last actuarial valuation.

A comparable provision gives authority to deal with excesses in the superannuation accounts by debiting the appropriate account over a period of up to fifteen years. Any future surpluses identified in the Pension Funds may be dealt with by a reduction of Government and/or plan member contributions, or by withdrawing amounts from the Fund. As a result of the last actuarial valuations, no debit adjustment was made during the year (nil in 2010).

Table 6.16 presents a summary of the balances and transactions for the liability for public sector pensions. Receipts and other credits for the pension accounts consist of contributions from plan members, related contributions from the Government and participating Public Service corporations and Territorial governments, transfers from other pension funds, other contributions related to actuarial liability adjustments, refunds of refundable tax and interest. Payments and other charges for the pension accounts consist of annuity payments for pensions, minimum benefits, cash termination allowances (lump sum payments to employees suffering a disability), refunds of contributions, pension division payments, transfer value payments, transfers to other plans, remittances of refundable tax, payment of administrative expenses, debits resulting from triennial actuarial reviews, and transfers to PSP Investments. Adjustments to the allowance account result from annual actuarial valuations performed for accounting purposes, between the interest based on the actuarial obligations and interest credited to the pension accounts, and from any other accounting adjustment required under the Government's accounting policies.

## TABLE 6.16

## PUBLIC SECTOR PENSIONS

| | April 1/2010 | Receipts and other credits | Payments and other charges | March 31/2011 |
|---|---|---|---|---|
| | $ | $ | $ | $ |
| Public Service Superannuation Account, Table 6.18 | 94,568,793,168 | 6,057,257,926 | 4,844,024,357 | 95,782,026,737 |
| Allowance for pension adjustments | (10,753,000,000) | 372,000,000 | 532,000,000 | (10,913,000,000) |
| | *83,815,793,168* | *6,429,257,926* | *5,376,024,357* | *84,869,026,737* |
| Public Service Pension Fund Account, Table 6.19 | 259,560,587 | 4,341,041,052 | 4,369,545,301 | 231,056,338 |
| Allowance for pension adjustments | 827,000,000 | 962,000,000 | | 1,789,000,000 |
| | *1,086,560,587* | *5,303,041,052* | *4,369,545,301* | *2,020,056,338* |
| Canadian Forces Superannuation Account, Table 6.20 | 45,490,149,408 | 2,894,823,888 | 2,389,710,461 | 45,995,262,835 |
| Allowance for pension adjustments | (5,411,000,000) | 110,000,000 | 252,000,000 | (5,553,000,000) |
| | *40,079,149,408* | *3,004,823,888* | *2,641,710,461* | *40,442,262,835* |
| Canadian Forces Pension Fund Account, Table 6.21 | 38,045,434 | 1,089,264,142 | 1,089,565,829 | 37,743,747 |
| Allowance for pension adjustments | 354,000,000 | 251,000,000 | 16,000,000 | 589,000,000 |
| | *392,045,434* | *1,340,264,142* | *1,105,565,829* | *626,743,747* |
| Reserve Force Pension Fund Account, Table 6.22 | 4,315,976 | 65,836,596 | 65,125,834 | 5,026,738 |
| Allowance for pension adjustments | 200,000,000 | 10,000,000 | 10,000,000 | 200,000,000 |
| | *204,315,976* | *75,836,596* | *75,125,834* | *205,026,738* |
| Royal Canadian Mounted Police Superannuation Account, Table 6.23 | 12,595,517,080 | 803,241,271 | 552,181,012 | 12,846,577,339 |
| Allowance for pension adjustments | (1,384,000,000) | 30,000,000 | 62,000,000 | (1,416,000,000) |
| | *11,211,517,080* | *833,241,271* | *614,181,012* | *11,430,577,339* |
| Royal Canadian Mounted Police Pension Fund Account, Table 6.24 | 13,204,037 | 403,924,611 | 404,575,705 | 12,552,943 |
| Allowance for pension adjustments | 86,000,000 | 99,000,000 | | 185,000,000 |
| | *99,204,037* | *502,924,611* | *404,575,705* | *197,552,943* |
| Members of Parliament Retiring Allowances Account, Table 6.25 | 606,714,383 | 71,918,278 | 22,996,056 | 655,636,605 |
| Allowance for pension adjustments | (198,000,000) | | 37,000,000 | (235,000,000) |
| | *408,714,383* | *71,918,278* | *59,996,056* | *420,636,605* |
| Members of Parliament Retirement Compensation Arrangements Account, Table 6.26 | 197,463,495 | 43,371,464 | 25,801,741 | 215,033,218 |
| Allowance for pension adjustments | 162,000,000 | 17,000,000 | 13,000,000 | 166,000,000 |
| | *359,463,495* | *60,371,464* | *38,801,741* | *381,033,218* |
| Retirement Compensation Arrangements (RCA) Account, Table 6.27 | 1,847,739,873 | 302,881,966 | 214,273,223 | 1,936,348,616 |
| Allowance for pension adjustments | 1,393,000,000 | 172,000,000 | 23,000,000 | 1,542,000,000 |
| | *3,240,739,873* | *474,881,966* | *237,273,223* | *3,478,348,616* |
| Supplementary Retirement Benefits Account (Judges), Table 6.28 | 158,741,888 | 9,840,052 | | 168,581,940 |
| Allowance for pension adjustments | 1,786,000,000 | 111,000,000 | 2,000,000 | 1,895,000,000 |
| | *1,944,741,888* | *120,840,052* | *2,000,000* | *2,063,581,940* |
| Supplementary Retirement Benefits Account (Others), Table 6.28 | 544,741 | 50,676 | 60,975 | 534,442 |
| Total | 142,842,790,070 | 18,217,451,922 | 14,924,860,494 | 146,135,381,498 |
| SUMMARY | | | | |
| Superannuation accounts | 155,780,790,070 | 16,083,451,922 | 13,977,860,494 | 157,886,381,498 |
| Allowance for pension adjustments | (12,938,000,000) | 2,134,000,000 | 947,000,000 | (11,751,000,000) |
| Total | 142,842,790,070 | 18,217,451,922 | 14,924,860,494 | 146,135,381,498 |

Table 6.17 presents a summary of transactions in public sector pensions that resulted in charges to expenses. Interest is calculated based on the actuarial obligations under the various plans. The pension interest expenses represent the interest credited to the superannuation accounts in accordance with the pension legislation, shown net of a provision of $2,568 million ($1,726 million in 2010) and of $2,758 million ($2,101 million in 2010) in expected return on pension investments.

## TABLE 6.17

## SUMMARY OF TRANSACTIONS IN PUBLIC SECTOR PENSIONS THAT RESULTED IN CHARGES TO EXPENSES

(in millions of dollars)

| | 2010-2011 | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Government contributions | Statutory payments | Current service cost adjustments | Net current service costs | Funding of actuarial liability adjustment | Pension Plan amendment costs | Amortization of estimation adjustments | Net pension expenses | Net pension interest expenses | Total | 2009-2010 |
| Public Service Superannuation Account[1] | 23 | | (53) | (30) | | | 372 | 342 | 5,526 | 5,868 | 6,031 |
| Public Service Pension Fund Account | 2,543 | | 87 | 2,630 | | | 474 | 3,104 | 401 | 3,505 | 3,044 |
| Canadian Forces Superannuation Account | 3 | | (7) | (4) | | | 110 | 106 | 2,642 | 2,748 | 2,674 |
| Canadian Forces Pension Fund Account | 772 | | (16) | 756 | | | 141 | 897 | 110 | 1,007 | 837 |
| Reserve Force Pension Fund Account | 42 | | 8 | 50 | | | (10) | 40 | 2 | 42 | 69 |
| Defence Services Pension Continuation Act | | 5 | | 5 | | | | 5 | | 5 | 6 |
| Royal Canadian Mounted Police Superannuation Account | 1 | | (1) | | | | 30 | 30 | 741 | 771 | 806 |
| Royal Canadian Mounted Police Pension Fund Account | 273 | | 9 | 282 | | | 47 | 329 | 43 | 372 | 329 |
| Royal Canadian Mounted Police Continuation Act | | 16 | | 16 | | | | 16 | | 16 | 18 |
| Members of Parliament Retiring Allowances Account | 8 | | | 8 | | | | 8 | 25 | 33 | 36 |
| Members of Parliament Retirement Compensation Arrangements Account | 19 | | (1) | 18 | 1 | | (2) | 17 | 12 | 29 | 31 |
| Retirement Compensation Arrangements (RCA) Account | 135 | | 19 | 154 | 6 | | 41 | 201 | 118 | 319 | 239 |
| Supplementary Retirement Benefits Account | 3 | | | 3 | | | | 3 | | 3 | 3 |
| Judges Act | | 108 | (2) | 106 | | | 23 | 129 | 91 | 220 | 207 |
| Other (diplomatic services, lieutenant governors, etc.) | | 2 | | 2 | | | | 2 | | 2 | 2 |
| Subtotal | 3,822 | 131 | 43 | 3,996 | 7 | | 1,226 | 5,229 | 9,711 | 14,940 | 14,332 |
| Less: costs already recorded in the allowance for pension adjustments of previous years | | | | | (7) | | | (7) | | (7) | (7) |
| Less: contributions from the Judges plan recorded to revenues | | (13) | | (13) | | | | (13) | | (13) | (13) |
| Total | 3,822 | 118 | 43 | 3,983 | | | 1,226 | 5,209 | 9,711 | 14,920 | 14,312 |

[1] Includes payments under *Supplementary Retirement Benefits Act* and various acts.

## Public Service Superannuation Account

This account, established by the *Public Service Superannuation Act*, is used to record all transactions (contributions, benefit payments, transfers and interest credits) in respect of service accrued by Public Service members up to March 31, 2000.

### TABLE 6.18

### PUBLIC SERVICE SUPERANNUATION ACCOUNT

| | 2010-2011 | 2009-2010 |
|---|---|---|
| | $ | $ |
| Opening balance | 94,568,793,168 | 93,054,796,451 |
| RECEIPTS AND OTHER CREDITS— | | |
| Contributions— | | |
| Government employees | 5,741,576 | 6,941,893 |
| Retired employees | 23,057,162 | 25,294,035 |
| Public Service corporation employees | 331,040 | 371,083 |
| Employer contributions— | | |
| Government | 23,197,946 | 25,776,126 |
| Public Service corporations | 361,879 | 334,369 |
| Transfers from other pension funds | 50,394 | 883,897 |
| Interest | 6,004,517,929 | 6,159,725,451 |
| | 6,057,257,926 | 6,219,326,854 |
| | 100,626,051,094 | 99,274,123,305 |
| PAYMENTS AND OTHER CHARGES— | | |
| Annuities | 4,654,275,769 | 4,530,362,947 |
| Minimum benefits | 12,607,868 | 12,261,638 |
| Pension division payments | 23,959,826 | 27,948,347 |
| Pension transfer value payments | 32,279,928 | 26,187,931 |
| Returns of contributions— | | |
| Government employees | 86,319 | 22,013 |
| Public Service corporation employees | 35,352 | 19,577 |
| Transfers to other pension funds | 30,752,009 | 14,274,266 |
| Administrative expenses | 90,027,286 | 94,253,418 |
| | 4,844,024,357 | 4,705,330,137 |
| Closing balance | 95,782,026,737 | 94,568,793,168 |

## Public Service Pension Fund Account

This account is used to record the transactions in respect of service accrued on or after April 1, 2000 under the *Public Service Superannuation Act*. An amount equal to contributions, net of benefits and other payments, is transferred to PSP Investments to be invested in financial markets. The closing balance in this account represents amounts in transit or pending transfer to PSP Investments.

### TABLE 6.19

### PUBLIC SERVICE PENSION FUND ACCOUNT

| | 2010-2011 | 2009-2010 |
|---|---|---|
| | $ | $ |
| Opening balance | 259,560,587 | 179,618,666 |
| RECEIPTS AND OTHER CREDITS— | | |
| Contributions— | | |
| Government employees | 1,348,019,576 | 1,358,836,378 |
| Retired employees | 29,409,311 | 23,708,690 |
| Public Service corporation employees | 119,656,803 | 106,450,252 |
| Employer contributions— | | |
| Government | 2,543,396,141 | 2,569,573,674 |
| Public Service corporations | 228,623,470 | 204,463,648 |
| Transfers from other pension funds | 71,935,751 | 109,240,943 |
| | 4,341,041,052 | 4,372,273,585 |
| PAYMENTS AND OTHER CHARGES— | | |
| Annuities | 568,916,315 | 441,050,660 |
| Minimum benefits | 8,928,269 | 6,308,145 |
| Pension division payments | 10,096,061 | 9,676,503 |
| Pension transfer value payments | 97,684,827 | 61,413,313 |
| Returns of contributions— | | |
| Government employees | 12,298,589 | 8,738,385 |
| Public Service corporation employees | 2,520,594 | 1,900,298 |
| Transfers to other pension funds | 40,395,688 | 21,729,870 |
| Administrative expenses | 37,725,355 | 34,684,226 |
| | 778,565,698 | 585,501,400 |
| Receipts and other credits less payments and other charges | 3,562,475,354 | 3,786,772,185 |
| Transfers to Pension Investment Board | 3,590,979,603 | 3,706,830,264 |
| Closing balance | 231,056,338 | 259,560,587 |

## Canadian Forces Superannuation Account

This account, established by the *Canadian Forces Superannuation Act*, is used to record all transactions (contributions, benefit payments, transfers and interest credits) in respect of service accrued by Canadian Forces members up to March 31, 2000.

### TABLE 6.20

### CANADIAN FORCES SUPERANNUATION ACCOUNT

| | 2010-2011 | 2009-2010 |
|---|---|---|
| | $ | $ |
| Opening balance | 45,490,149,408 | 44,881,569,952 |
| RECEIPTS AND OTHER CREDITS | | |
| Contributions from personnel | 3,275,068 | 3,255,207 |
| Contributions by the Government | 3,275,068 | 3,255,207 |
| Interest | 2,886,559,132 | 2,974,368,763 |
| Other | 1,714,620 | 1,954,644 |
| | 2,894,823,888 | 2,982,833,821 |
| | 48,384,973,296 | 47,864,403,773 |
| PAYMENTS AND OTHER CHARGES | | |
| Pensions and retiring allowance payments | 2,331,573,264 | 2,319,730,584 |
| Pension division payments | 40,772,415 | 34,703,468 |
| Cash termination allowances and returns of contributions | 207,547 | 554,089 |
| Transfers to Public Service Superannuation Account | 168,930 | 881,947 |
| Administrative expenses | 14,601,593 | 15,035,661 |
| Pension transfer value payments | 2,386,712 | 3,348,616 |
| | 2,389,710,461 | 2,374,254,365 |
| Closing balance | 45,995,262,835 | 45,490,149,408 |

## Canadian Forces Pension Fund Account

This account is used to record the transactions in respect of service accrued on or after April 1, 2000 under Part I of the *Canadian Forces Superannuation Act*. An amount equal to contributions, net of benefits and other payments, is transferred to PSP Investments to be invested in financial markets. The closing balance in this account represents amounts in transit or pending transfer to PSP Investments.

### TABLE 6.21

### CANADIAN FORCES PENSION FUND ACCOUNT

| | 2010-2011 | 2009-2010 |
|---|---|---|
| | $ | $ |
| Opening balance | 38,045,434 | 59,292,472 |
| RECEIPTS AND OTHER CREDITS | | |
| Contributions from personnel | 305,907,477 | 285,757,510 |
| Contributions by the Government | 772,420,340 | 759,760,350 |
| Transfers from other pension funds | 10,936,325 | 69,753 |
| | 1,089,264,142 | 1,045,587,613 |
| PAYMENTS AND OTHER CHARGES | | |
| Pensions and retiring allowance payments | 189,805,910 | 158,235,952 |
| Pension division payments | 18,799,480 | 13,464,999 |
| Cash termination allowances and returns of contributions | 2,108,494 | 4,298,365 |
| Transfers to Public Service Superannuation Account | 382,989 | 658,230 |
| Administrative expenses | 5,210,609 | 4,491,171 |
| Pension transfer value payments | 45,159,184 | 19,237,188 |
| | 261,466,666 | 200,385,905 |
| Receipts and other credits less payments and other charges | 827,797,476 | 845,201,708 |
| Transfers to Pension Investment Board | 828,099,163 | 866,448,746 |
| Closing balance | 37,743,747 | 38,045,434 |

## Reserve Force Pension Fund Account

This account is used to record the transactions in respect of service accrued on or after March 1, 2007 in accordance with Part 1.1 of the *Canadian Forces Superannuation Act*. An amount equal to contributions, net of benefits and other payments, is transferred to PSP Investments to be invested in financial markets. The closing balance in this account represents amounts in transit or pending transfer to PSP Investments.

### TABLE 6.22

### RESERVE FORCE PENSION FUND ACCOUNT

| | 2010-2011 | 2009-2010 |
|---|---|---|
| | $ | $ |
| Opening balance | 4,315,976 | 6,077,630 |
| RECEIPTS AND OTHER CREDITS | | |
| Contributions from personnel | 24,314,676 | 28,034,415 |
| Contributions by the Government | 41,521,920 | 67,636,180 |
| | 65,836,596 | 95,670,595 |
| PAYMENTS AND OTHER CHARGES— | | |
| Pensions and retiring allowance payments | 1,316,339 | 993,863 |
| Cash termination allowances and returns of contributions | 158,392 | 181,551 |
| Administrative expenses | 5,279,429 | 5,328,119 |
| Pension transfer value payments | 4,326,372 | 6,692,847 |
| | 11,080,532 | 13,196,380 |
| Receipts and other credits less payments and other charges | 54,756,064 | 82,474,215 |
| Transfers to Pension Investment Board | 54,045,302 | 84,235,869 |
| Closing balance | 5,026,738 | 4,315,976 |

## Royal Canadian Mounted Police Superannuation Account

This account, established by the *Royal Canadian Mounted Police Superannuation Act* is used to record all transactions (contributions, benefit payments, transfers and interest credits) in respect of service accrued by Royal Canadian Mounted Police members up to March 31, 2000.

### TABLE 6.23

### ROYAL CANADIAN MOUNTED POLICE SUPERANNUATION ACCOUNT

| | 2010-2011 | 2009-2010 |
|---|---|---|
| | $ | $ |
| Opening balance | 12,595,517,080 | 12,306,592,642 |
| RECEIPTS AND OTHER CREDITS— | | |
| Contributions from personnel (current and arrears) | 758,609 | 865,248 |
| Contributions by the Government | 737,147 | 848,434 |
| Transfers from other pension funds | | |
| Interest | 801,745,515 | 816,709,495 |
| | 803,241,271 | 818,423,177 |
| | 13,398,758,351 | 13,125,015,819 |
| PAYMENTS AND OTHER CHARGES— | | |
| Annuities and allowance payments | 531,518,582 | 513,027,222 |
| Pension division payments | 10,668,303 | 7,918,547 |
| Returns of contributions | 33,417 | 2,150 |
| Cash termination allowance and gratuities | 138,380 | 11,086 |
| Commuted value payments | 1,095,753 | 1,816,176 |
| Transfers to other pension funds | 72,988 | 220,681 |
| Interest on returns of contributions | 40,812 | 2,107 |
| Administrative expenses | 8,612,777 | 6,500,770 |
| | 552,181,012 | 529,498,739 |
| Closing balance | 12,846,577,339 | 12,595,517,080 |

## Royal Canadian Mounted Police Pension Fund Account

This account is used to record the transactions in respect of service accrued on or after April 1, 2000 under the *Royal Canadian Mounted Police Superannuation Act*. An amount equal to contributions, net of benefits and other payments, is transferred to PSP Investments to be invested in financial markets. The closing balance in this account represents amounts in transit or pending transfer to PSP Investments.

### TABLE 6.24

### ROYAL CANADIAN MOUNTED POLICE PENSION FUND ACCOUNT

| | 2010-2011 | 2009-2010 |
|---|---|---|
| | $ | $ |
| Opening balance | 13,204,037 | 11,698,838 |
| RECEIPTS AND OTHER CREDITS— | | |
| Contributions from personnel (current and arrears) | 128,533,719 | 119,012,892 |
| Contributions by the Government | 272,898,310 | 255,926,319 |
| Transfers from other pension funds | 2,492,582 | 1,726,185 |
| | 403,924,611 | 376,665,396 |
| PAYMENTS AND OTHER CHARGES— | | |
| Annuities and allowance payments | 51,981,566 | 42,861,173 |
| Minimum benefits | 162,249 | 66,464 |
| Pension division payments | 4,221,403 | 2,805,547 |
| Returns of contributions | 169,327 | 129,550 |
| Commuted value payments | 3,453,132 | 4,915,742 |
| Transfers to other pension funds | 415,084 | 535,590 |
| Interest on returns of contributions | 29,712 | 8,964 |
| Administrative expenses | 3,200,111 | 2,110,662 |
| | 63,632,584 | 53,433,692 |
| Receipts and other credits less payments and other charges | 340,292,027 | 323,231,704 |
| Transfers to Pension Investment Board | 340,943,121 | 321,726,505 |
| Closing balance | 12,552,943 | 13,204,037 |

## Members of Parliament Retiring Allowances Account

This account was established by the *Members of Parliament Retiring Allowances Act*, to provide pension benefits to eligible Members of Parliament who contributed to the plan. "Member" means a Member of the Senate or the House of Commons. Benefits are also available to eligible surviving spouses and/or eligible dependent children of Members who served on or after a certain date and contributed under the Act.

### TABLE 6.25

### MEMBERS OF PARLIAMENT RETIRING ALLOWANCES ACCOUNT

| | 2010-2011 | 2009-2010 |
|---|---|---|
| | $ | $ |
| Opening balance | 606,714,383 | 562,661,375 |
| RECEIPTS AND OTHER CREDITS— | | |
| Members' contributions— | | |
| Current | 1,822,702 | 1,777,504 |
| Arrears of principal, interest and mortality insurance | 17,615 | 43,731 |
| Government contributions— | | |
| Current | 7,618,115 | 6,800,618 |
| Interest | 62,459,846 | 57,879,875 |
| | 71,918,278 | 66,501,728 |
| | 678,632,661 | 629,163,103 |
| PAYMENTS AND OTHER CHARGES— | | |
| Annual allowances | 22,996,056 | 22,448,720 |
| | 22,996,056 | 22,448,720 |
| Closing balance | 655,636,605 | 606,714,383 |

## Members of Parliament Retirement Compensation Arrangements Account

This account was established by the *Members of Parliament Retiring Allowances Act*, to provide for benefits in respect of pension credits accrued by Members of Parliament which are not payable out of the Members of Parliament Retiring Allowances Account. Benefits are also available to eligible surviving spouses and/or eligible dependent children of Members.

### TABLE 6.26

### MEMBERS OF PARLIAMENT RETIREMENT COMPENSATION ARRANGEMENTS ACCOUNT

| | 2010-2011 | 2009-2010 |
|---|---|---|
| | $ | $ |
| Opening balance | 197,463,495 | 181,228,970 |
| RECEIPTS AND OTHER CREDITS— | | |
| Members' contributions— | | |
| Current | 2,677,739 | 2,681,546 |
| Arrears of principal, interest and mortality insurance | 28,058 | 29,427 |
| Government contributions— | | |
| Current | 19,084,944 | 18,071,572 |
| Interest | 20,980,723 | 19,272,737 |
| Actuarial liability adjustment | 600,000 | 600,000 |
| | 43,371,464 | 40,655,282 |
| | 240,834,959 | 221,884,252 |
| PAYMENTS AND OTHER CHARGES— | | |
| Annual allowances | 8,985,433 | 8,697,147 |
| Refundable tax remitted to Canada Revenue Agency | 16,820,431 | 15,693,048 |
| Withdrawals | (4,123) | 29,158 |
| Interest on withdrawals | | 1,404 |
| | 25,801,741 | 24,420,757 |
| Closing balance | 215,033,218 | 197,463,495 |

## Retirement Compensation Arrangements (RCA) Account

The RCA was established by the *Special Retirement Arrangements Act* (SRAA) to provide pension benefits for federal employees under retirement compensation arrangements.

The RCA No.1 pays those pension benefits above the amount that may, in accordance with the *Income Tax Act* restrictions on registered pension plans, be paid under the *Public Service Superannuation Act*, the *Canadian Forces Superannuation Act* and the *Royal Canadian Mounted Police Superannuation Act*. The RCA No.1 was created effective December 15, 1994.

The RCA No.2 pays benefits to Public Service employees who were between the ages of 50 and 54 and declared surplus as part of a three year Government downsizing initiative which ended on March 31, 1998. It pays the difference between an unreduced pension and the reduced pension for early retirement payable from the Public Service Superannuation Account. The RCA No.2 was created April 1, 1995 and is funded entirely by the Government.

## TABLE 6.27

## RETIREMENT COMPENSATION ARRANGEMENTS (RCA) ACCOUNT

| | RCA No.1 | | | | | | RCA No.2 | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Public Service | | Canadian Forces | | Royal Canadian Mounted Police | | Public Service | | Total | |
| | 2010-2011 | 2009-2010 | 2010-2011 | 2009-2010 | 2010-2011 | 2009-2010 | 2010-2011 | 2009-2010 | 2010-2011 | 2009-2010 |
| | $ | $ | $ | $ | $ | $ | $ | $ | $ | $ |
| Opening balance | 767,691,100 | 701,293,471 | 255,794,444 | 216,750,935 | 27,671,517 | 26,020,377 | 796,582,812 | 810,243,768 | 1,847,739,873 | 1,754,308,551 |
| RECEIPTS AND OTHER CREDITS | | | | | | | | | | |
| Contributions | | | | | | | | | | |
| Government employees | 9,162,488 | 9,185,855 | 2,423,263 | 2,510,265 | 215,749 | 205,754 | | | 11,801,500 | 11,901,874 |
| Retired employees | 352,284 | 298,634 | | | | | | | 352,284 | 298,634 |
| Public Service corporation employees | 1,578,249 | 1,374,869 | | | | | | | 1,578,249 | 1,374,869 |
| Employer contributions | | | | | | | | | | |
| Government | 81,975,311 | 69,466,421 | 50,821,804 | 61,790,926 | 1,622,365 | 1,813,012 | | | 134,419,481 | 133,070,359 |
| Public Service corporations | 14,375,676 | 10,412,725 | | | | | | | 14,375,676 | 10,412,725 |
| Transfers from other pension funds | 24,564 | 2,254 | | | | | | | 24,564 | 2,254 |
| Refundable tax | | | | | | | 12,671,024 | 9,733,092 | 12,671,024 | 9,733,092 |
| Interest | 52,072,718 | 49,218,888 | 17,968,650 | 16,197,106 | 1,829,312 | 1,801,845 | 49,588,508 | 52,594,489 | 121,459,188 | 119,812,328 |
| Actuarial liability adjustment | | | | | | | 6,200,000 | 6,200,000 | 6,200,000 | 6,200,000 |
| | 159,541,290 | 139,959,646 | 71,213,717 | 80,498,297 | 3,667,426 | 3,820,611 | 68,459,532 | 68,527,581 | 302,881,966 | 292,806,135 |
| | 927,232,390 | 841,253,117 | 327,008,161 | 297,249,232 | 31,338,943 | 29,840,988 | 865,042,344 | 878,771,349 | 2,150,621,839 | 2,047,114,686 |
| PAYMENTS AND OTHER CHARGES | | | | | | | | | | |
| Annuities | 15,705,840 | 13,512,882 | 2,622,836 | 2,026,427 | 495,302 | 425,712 | 82,037,465 | 82,188,537 | 100,861,443 | 98,153,558 |
| Minimum benefits | 77,165 | 4,816 | | | | | | | 77,165 | 4,816 |
| Pension division payments | 391,575 | 238,432 | 60,304 | 113,972 | 22,359 | | | | 474,238 | 352,404 |
| Transfer value and interest | 426,839 | 564,683 | 462,189 | 233,728 | | | | | 889,028 | 798,411 |
| Returns of contributions | | | | | | | | | | |
| Government employees | 26,276 | 17,676 | 2,002 | | 11,900 | 699 | | | 40,178 | 18,375 |
| Public Service corporation employees | 16,841 | 1,784 | | | | | | | 16,841 | 1,784 |
| Transfers | 2,266,316 | 331,932 | | 15,210 | 5,942 | | | | 2,272,258 | 347,142 |
| Refundable tax | 70,965,046 | 58,889,812 | 37,088,749 | 39,065,451 | 1,588,277 | 1,743,060 | | | 109,642,072 | 99,698,323 |
| | 89,875,898 | 73,562,017 | 40,236,080 | 41,454,788 | 2,123,780 | 2,169,471 | 82,037,465 | 82,188,537 | 214,273,223 | 199,374,813 |
| Closing balance | 837,356,492 | 767,691,100 | 286,772,081 | 255,794,444 | 29,215,163 | 27,671,517 | 783,004,879 | 796,582,812 | 1,936,348,616 | 1,847,739,873 |

## Supplementary Retirement Benefits Account

This account was established by the *Supplementary Retirement Benefits Act*, to provide for pension benefit increases resulting from changes in the Consumer Price Index.

The account continues to provide for increased pension benefits resulting from indexation for pensions of federally appointed judges, and recipients of pensions under various Continuation Acts and other Acts.

## TABLE 6.28

### SUPPLEMENTARY RETIREMENT BENEFITS ACCOUNT

| | Judges | | Others [1] | | Total | |
|---|---|---|---|---|---|---|
| | 2010-2011 | 2009-2010 | 2010-2011 | 2009-2010 | 2010-2011 | 2009-2010 |
| | $ | $ | $ | $ | $ | $ |
| Opening balance | 158,741,888 | 149,337,519 | 544,741 | 519,547 | 159,286,629 | 149,857,066 |
| RECEIPTS AND OTHER CREDITS— | | | | | | |
| Employee contributions— | | | | | | |
| Government | 2,999,182 | 2,907,209 | 17,661 | 18,980 | 3,016,843 | 2,926,189 |
| Matching contributions— | | | | | | |
| Government | 2,999,182 | 2,907,209 | 19,779 | 19,239 | 3,018,961 | 2,926,448 |
| Interest | 3,841,688 | 3,589,951 | 13,236 | 12,528 | 3,854,924 | 3,602,479 |
| | 9,840,052 | 9,404,369 | 50,676 | 50,747 | 9,890,728 | 9,455,116 |
| | 168,581,940 | 158,741,888 | 595,417 | 570,294 | 169,177,357 | 159,312,182 |
| PAYMENTS AND OTHER CHARGES— | | | | | | |
| Annuities | | | 16,891 | 25,553 | 16,891 | 25,553 |
| Returns of contributions | | | 44,084 | | 44,084 | |
| | | | 60,975 | 25,553 | 60,975 | 25,553 |
| Closing balance | 168,581,940 | 158,741,888 | 534,442 | 544,741 | 169,116,382 | 159,286,629 |

[1] Includes lieutenant governors and non-career diplomats.

## Allowance for Pension Adjustments

This account records the accounting adjustments resulting from annual actuarial valuations.

Estimation adjustments of $1,226 million in net losses ($1,064 million in net losses in 2010) due to experience gains and losses and changes in actuarial assumptions were amortized to this account and increased pension costs for the year.

An amount of $7 million ($7 million in 2010) was recorded in this account during the year to offset pension costs charged to expenses in previous years but recorded in the accounts in the year.

An amount of $43 million was credited ($489 million debited in 2010) to this account and increased (decreased in 2010) pension costs to adjust for the difference between the Government contributions and the net cost of current services.

An amount of $2,568 million ($1,726 million in 2010) was credited to this account to adjust for the difference between interest based on the actuarial obligations and interest credited to the superannuation accounts and an amount of $2,758 million ($2,101 million in 2010) was recorded in this account to record the expected return on the pension investments.

As well, a consolidation adjustment of $115 million ($107 million in 2010) was credited to this account and debited against personal tax revenues to eliminate the effect of internal transactions resulting from tax amounts debited to the RCA accounts that were previously recorded as tax revenues.

The unamortized estimation adjustment of $13,198 million in net losses ($13,164 million in 2010) will be amortized to this account and will affect expenses in future years.

As a result of annual actuarial valuations for accounting purposes, the net liability for public sector pensions was found to be $1,448 million higher ($224 million higher in 2010) than the balance of the superannuation accounts, plus the market related value of the pension investments held by PSP Investments and the contributions receivable from employees for past service. This amount is made up of:

| | Excess (shortfall) (in millions of dollars) 2011 | 2010 |
|---|---|---|
| Public Service Pension Plan | | |
| Public Service Superannuation Account | 7,341 | 7,504 |
| Public Service Pension Fund | (6,109) | (6,266) |
| Retirement Compensation Arrangements | (1,461) | (1,519) |
| | (229) | (281) |
| Canadian Forces Pension Plan— | | |
| Canadian Forces Superannuation Account | 3,453 | 3,798 |
| Canadian Forces Pension Fund | (2,566) | (1,811) |
| Reserve Force Pension Fund | (112) | (39) |
| Retirement Compensation Arrangements | (124) | (189) |
| | 651 | 1,759 |
| Royal Canadian Mounted Police Pension Plan— | | |
| Royal Canadian Mounted Police Superannuation Account | 919 | 965 |
| Royal Canadian Mounted Police Pension Fund | (702) | (706) |
| Retirement Compensation Arrangements | (20) | (23) |
| | 197 | 236 |
| Members of Parliament Pension Plan— | | |
| Members of Parliament Retiring Allowances | 224 | 208 |
| Retirement Compensation Arrangements | (172) | (155) |
| | 52 | 53 |
| Pension plan for federally appointed judges | (2,119) | (1,991) |
| Total | (1,448) | (224) |

Certain comparative figures have been reclassified to conform to the current year's presentation.

## Other employee and veteran future benefits

The Government sponsors a variety of other future benefit plans from which employees and former employees (including military or Royal Canadian Mounted Police members), can benefit, during or after employment or upon retirement. Some are considered retirement benefits, whereby benefits are expected to be provided after retirement to employees and their beneficiaries or dependents. Others are considered post-employment benefits, whereby benefits are expected to be paid after employment but before retirement. Benefits for veterans are paid to war veterans, as well as to Canadian Forces retired veterans and Canadian Forces still-serving members. Benefits for members of the Royal Canadian Mounted Police are paid to both current and former members. These are primarily post-employment benefits, but some benefits are also paid during employment to still-serving members. They include disability and associated benefits paid to veterans or Royal Canadian Mounted Police members, or to their beneficiaries and dependants.

The other major future benefits include the Public Service Health Care Plan and the Pensioners' Dental Services Plan available to retired employees and retired military and Royal Canadian Mounted Police members and post-employment benefits such as workers' compensation benefits and severance benefits that accumulate. Table 6.29 presents the balance of these liabilities at year-end.

### TABLE 6.29

### OTHER EMPLOYEE AND VETERAN FUTURE BENEFITS

| | April 1/2010 | Receipts and other credits | Payments and other charges | March 31/2011 |
|---|---|---|---|---|
| | $ | $ | $ | $ |
| Veterans' disability and other future benefits | 30,425,000,000 | 4,661,000,000 | 3,423,000,000 | 31,663,000,000 |
| Royal Canadian Mounted Police disability and other future benefits | 2,244,000,000 | 453,000,000 | 100,000,000 | 2,597,000,000 |
| Public Service Health Care Plan | 13,290,000,000 | 2,095,000,000 | 362,000,000 | 15,023,000,000 |
| Pensioners' Dental Services Plan | 2,308,000,000 | 192,000,000 | 68,000,000 | 2,432,000,000 |
| Severance and other benefits | 5,261,000,000 | 965,000,000 | 489,000,000 | 5,737,000,000 |
| Workers' compensation | 699,000,000 | 169,000,000 | 114,000,000 | 754,000,000 |
| Total | 54,227,000,000 | 8,535,000,000 | 4,556,000,000 | 58,206,000,000 |

All of these plans are unfunded. The Public Service Health Care Plan and the Pensioners' Dental Services Plan are contributory plans. Contributions by retired plan members are made to the plans only in the year the benefits are payable to retirees. Therefore the Government's liability and costs are shown net of members' contributions. The accrued benefit obligation related to these plans is determined actuarially for accounting purposes. As at March 31, the Government's recorded liability includes the following components:

(in millions of dollars)

| | 2011 | | | 2010 |
|---|---|---|---|---|
| | Accrued benefit obligation | Unamortized estimation adjustments | Future benefit liability | Future benefit liability |
| Veterans' disability and other future benefits | 41,548 | (9,885) | 31,663 | 30,425 |
| Royal Canadian Mounted Police disability and other future benefits | 4,012 | (1,415) | 2,597 | 2,244 |
| Public Service Health Care Plan | 19,698 | (4,675) | 15,023 | 13,290 |
| Pensioners' Dental Services Plan | 2,233 | 199 | 2,432 | 2,308 |
| Severance and other benefits | 6,191 | (454) | 5,737 | 5,261 |
| Workers' compensation | 810 | (56) | 754 | 699 |
| Total | 74,492 | (16,286) | 58,206 | 54,227 |

The cost of these benefits can accrue either during the service life of employees or upon occurrence of an event giving rise to the liability under the terms of the plans. An interest component is charged to interest on the public debt based on the average accrued benefit obligation.

In 2011, amendments were made to veteran future benefit programs expanding eligibility for certain allowances provided to injured veterans and providing access to all veteran benefit programs for veterans suffering from amyotrophic lateral sclerosis (ALS). These amendments resulted in a net one-time past service cost of $1,034 million and the immediate recognition of net unamortized estimation adjustment gains of $316 million. In addition, as part of collective agreement negotiations with certain employee groups, an amendment to the employee severance pay program was agreed upon resulting in a one-time past service cost of $32 million.

Also in 2011, as part of collective agreement negotiations with certain employee groups, the accumulation of severance benefits under the employee severance pay program will cease for these employees beginning in 2012. Employees subject to these changes will be given the option to be immediately paid out the full or partial value of benefits earned to date or collect the full or remaining value of benefits on termination from the public service. The impact of the curtailment is a one-time past service cost reduction of $8 million. In addition, the plan curtailment required the immediate recognition of unamortized estimation adjustment losses of $164 million, representing the portion of unamortized estimation adjustments related to the obligation for employees subject to the curtailment.

In 2010, the extension of veteran benefits to eligible allied war veterans and an increase in the contribution rate for members of the Pensioners' Dental Services Plan resulted in a one-time estimated past service cost of $196 million for veteran future benefits and a one-time estimated past service cost reduction of $450 million for the Pensioners' Dental Services Plan. These amendments also resulted in the immediate recognition of unamortized estimation gains of $5 million related to veteran benefits and unamortized estimation losses of $450 million related to the Pensioners' Dental Services Plan.

During the year, the expense relating to these benefits was as follows:

(in millions of dollars)

| | 2011 | | | | | | | 2010 |
|---|---|---|---|---|---|---|---|---|
| | Benefits earned | Plan amendments | Plan curtailments | Amortization of estimation adjustments | Net benefit expense | Interest cost | Total | Total |
| Veterans' disability and other future benefits[1] | 696 | 1,034 | | 962 | 2,692 | 1,653 | 4,345 | 3,811 |
| Royal Canadian Mounted Police disability and other future benefits | 165 | | | 134 | 299 | 154 | 453 | 508 |
| Public Service Health Care Plan | 599 | | | 702 | 1,301 | 794 | 2,095 | 2,416 |
| Pensioners' Dental Services Plan | 70 | | | 18 | 88 | 104 | 192 | 329 |
| Severance and other benefits | 431 | 32 | (8) | 251 | 706 | 251 | 957 | 849 |
| Workers' compensation | 128 | | | 9 | 137 | 32 | 169 | 114 |
| Total | 2,089 | 1,066 | (8) | 2,076 | 5,223 | 2,988 | 8,211 | 8,027 |

[1] Benefits earned include a one-time adjustment of $115 million related to the Funeral and Burial Program for veterans that was recorded in 2010 for the first time.

## OTHER LIABILITIES

Other liabilities include general liabilities established under the authority of section 64 of the *Financial Administration Act* as well as specified purpose accounts opened under the authority of section 21 of the *Financial Administration Act* or of other specific legislation. Specified purpose accounts are an accounting classification used to record transactions and expenditures in respect of money payable out of the Consolidated Revenue Fund under statutory authorities, pursuant to legislation, trusts, treaties, undertakings or contracts. Legislation relating to some of these accounts permits investments to be made and, in certain cases, the balances of the accounts earn interest.

## Canada Pension Plan

The Canada Pension Plan (the Plan) is a compulsory and contributory social insurance program which is designed to provide a measure of protection to Canadian workers and their families against loss of earnings due to retirement, disability or death. Established in 1965, the Plan operates in all parts of Canada, except the Province of Quebec which has a comparable plan.

Under existing arrangements, all pensions, benefits and expenditures incurred in the administration of the Plan are financed from contributions made by employees, employers and self-employed persons, and from investment returns.

As administrator, the Government's authority to spend is limited to the Plan's net assets. At March 31, the fair value of the Plan's net assets is $151.6 billion ($131.4 billion in 2010).

The Canada Pension Plan Account (the Account) was established in the accounts of Canada to record the contributions, interest, pensions and benefits and administration expenditures of the Plan. It also records the amounts transferred to or received from the Canada Pension Plan Investment Board (the Board). The Board operates at arm's length from the Government and invests in a diversified portfolio of securities.

Amendments to the *Canada Pension Plan Act* and the *Canada Pension Plan Investment Board Act* that became effective April 1, 2004 provide for weekly transfers to the Board of any amounts held in the Account that exceed the immediate obligation of the Plan. It also allows interest to be either credited to or charged to the Account based on its closing position.

Table 6.30 presents a reconciliation between the net assets shown in the Plan's financial statements and the Account, as well as a summary of the balances and transactions in the Account which result in the deposit with the Receiver General for Canada.

### TABLE 6.30

DUE TO CANADA PENSION PLAN

| | April 1/2010 | Receipts and other credits | Payments and other charges | March 31/2011 |
|---|---|---|---|---|
| | $ | $ | $ | $ |
| Canada Pension Plan balance per audited financial statements | | | | |
| Net assets per audited financial statements | 131,420,450,345 | 52,301,200,422 | 32,119,842,578 | 151,601,808,189 |
| Less: Receivables, net of liabilities | 3,614,994,599 | 3,381,988,212 | 3,614,994,599 | 3,381,988,212 |
| Accumulated net income from Canada Pension Plan Investment Board's operations | 24,561,000,000 | 15,230,000,000 | | 39,791,000,000 |
| | *103,244,455,746* | *33,689,212,210* | *28,504,847,979* | *108,428,819,977* |
| Less: transfers to Canada Pension Plan Investment Board | 103,069,670,736 | 25,514,674,975 | 30,850,607,876 | 108,405,603,637 |
| Deposit with the Receiver General for Canada | 174,785,010 | 59,203,887,185 | 59,355,455,855 | 23,216,340 |

Receipts and other credits include:

- *(a)* contributions at the combined employer and employee rates of 9.9 percent of pensionable earnings for the 2010 and 2011 calendar years, subject to maximum combined contributions of $4,326 and $4,435 respectively;
- *(b)* income from the average daily operating balance deposited with the Receiver General for Canada;
- *(c)* gains on investments held by the Board; and,
- *(d)* payments received on overpayments established.

Payments and other charges include:

- *(a)* pensions and benefits paid under the Plan as retirement pensions, survivors' benefits paid to spouse or common-law partner and orphans, or as lump sum death benefits, and disability benefits to eligible contributors and their children;
- *(b)* pensions and benefits paid and recovered from the Plan, in accordance with an agreement with a province providing a comprehensive pension plan;
- *(c)* payments that are required to be charged to the Plan, in accordance with reciprocal agreements with other countries;
- *(d)* costs of administration of the Plan;
- *(e)* funds transferred to the Board; and,
- *(f)* losses on investments held by the Board.

For additional information, the financial statements of the Plan are included with other Supplementary Statements at the end of this section. Additional information on the funding of the Plan may also be obtained from the *25th Actuarial Report on the Canada Pension Plan* prepared by the Chief Actuary of the Office of the Superintendent of Financial Institutions.

## Government Annuities Account

This account was established by the *Government Annuities Act*, and modified by the *Government Annuities Improvement Act*, which discontinued sales of annuities in 1975. The account is valued on an actuarial basis each year, with the deficit or surplus charged or credited to the Government annual surplus/deficit.

The purpose of the *Government Annuities Act* was to assist Canadians to provide for their later years, by the purchase of Government annuities. The *Government Annuities Improvement Act* increased the rate of return and flexibility of Government annuity contracts.

Receipts and other credits consist of premiums received, funds reclaimed from the Consolidated Revenue Fund for previously untraceable annuitants, earned interest and any credit needed to cover the actuarial deficit. Payments and other charges represent matured annuities, the commuted value of death benefits, premium refunds and withdrawals, and actuarial surpluses and unclaimed annuities transferred to non-tax revenues. The amounts of unclaimed annuities, related to untraceable annuitants, are transferred to non-tax revenues.

As of March 31, 2011, over 48,008 annuitants held 51,542 active contracts, each annuitant receiving an average payment of $660.00. During the year, 134 deferred annuities came into payment and another 41 deferred contracts were terminated at or before maturity, due to death, small refunds or unclaimed funds. Therefore, as of March 31, 2011, there were 928 outstanding deferred annuities, the last of which will come into payment around the year 2030.

During the 2010-2011 fiscal year, 4,450 annuities were terminated or adjusted as a result of annuitant deaths: 2,872 group certificates and 1,578 individual contracts. The average age at death for males was 86.3 while the female age at death averaged 89.5.

Total income amounted to $15.9 million, $15.7 million of which represented interest of 7 percent credited to the Account. Premiums received totaled $10,924. Total disbursements of $35.8 million originated mainly from the $35.5 million in payments made under matured annuities. An amount of $54,510 was used to refund premiums at death before maturity or when the annuity would have been too small, and $59,540 was transferred to the Government's revenues as a result of unclaimed annuities.

The opening balance of $243.5 million was reduced due to exceeding income by $19.9 million during 2010-2011. Since the actuarial reserves required as of March 31, 2011 were only $221.3 million, an excess amount of $2.2 million was transferred to the Government's revenues.

## Deposit and Trust Accounts

Deposit and trust accounts is a group of liabilities representing the Government's financial obligations in its role as administrator of certain funds that it has received or collected for specified purposes and that it will pay out accordingly. To the extent that the funds received are represented by securities, these are deducted from the corresponding accounts to show the Government's net liability. Certain accounts earn interest which is charged to interest on the public debt.

Table 6.31 presents a summary of the balances and transactions in deposit and trust accounts.

### TABLE 6.31

### DEPOSIT AND TRUST ACCOUNTS

| | April 1/2010 | Receipts and other credits | Payments and other charges | March 31/2011 |
|---|---|---|---|---|
| | $ | $ | $ | $ |
| Deposit accounts— | | | | |
| Agriculture and Agri-Food— | | | | |
| Contractors' security deposits – Certified cheques | 82,152 | 28,146 | 57,152 | 53,146 |
| Canadian Dairy Commission— | | | | |
| Canadian Dairy Commission account | | 54,490,796 | 54,324,460 | 166,336 |
| Canadian Food Inspection Agency— | | | | |
| Contractors' security deposits – Cash | 101,783 | | 100,000 | 1,783 |
| | *183,935* | *54,518,942* | *54,481,612* | *221,265* |
| Canada Revenue Agency— | | | | |
| Guarantee deposits | 99,833,353 | 33,626,012 | 25,567,248 | 107,892,117 |
| Less: securities held in trust | 389,000 | 139,000 | | 250,000 |
| | *99,444,353* | *33,765,012* | *25,567,248* | *107,642,117* |
| Finance— | | | | |
| Canada Development Investment Corporation— | | | | |
| Holdback – Privatization | 39,373,380 | 251,094 | | 39,624,474 |
| Canada Hibernia Holding Corporation— | | | | |
| Abandonment reserve fund | 93,718,808 | 597,669 | | 94,316,477 |
| Swap collateral deposit | 329,511,805 | 1,462,879,869 | 1,392,237,754 | 400,153,920 |
| | *462,603,993* | *1,463,728,632* | *1,392,237,754* | *534,094,871* |
| Fisheries and Oceans— | | | | |
| Guarantee deposits – Fish Habitat Preservation | 5,000 | | | 5,000 |
| Human Resources and Skills Development— | | | | |
| Canada Labour Code – Other | 132,156 | 579,442 | 609,308 | 102,290 |
| Canada Labour Code – Wage recovery appeals | 1,297,242 | 743,706 | 341,540 | 1,699,408 |
| Fair wages deposit account | | 587 | | 587 |
| | *1,429,398* | *1,323,735* | *950,848* | *1,802,285* |
| Indian Affairs and Northern Development— | | | | |
| Field British Columbia and Yukon Operations of the Northern Canada Power Commission | 992,387 | | | 992,387 |
| Guarantee deposits | 362,922,899 | 10,655,378 | 18,443,300 | 355,134,977 |
| Less: securities held in trust | 349,391,540 | 15,906,942 | 7,765,546 | 341,250,144 |
| | *13,531,359* | *26,562,320* | *26,208,846* | *13,884,833* |
| Guarantee deposits – Oil and gas | 510,333,783 | 248,624,491 | 240,650,676 | 518,307,598 |
| Less: securities held in trust | 504,825,666 | 239,031,066 | 249,884,148 | 515,678,748 |
| | *5,508,117* | *487,655,557* | *490,534,824* | *2,628,850* |
| Guarantee deposits – Reserve resources | 766,953 | | | 766,953 |
| Special accounts – Section 63, Indian Act | 90,062 | 49,370 | 51,801 | 87,631 |
| Less: deposits in special bank accounts | 90,062 | 51,801 | 49,370 | 87,631 |
| | | *101,171* | *101,171* | |
| | *20,798,816* | *514,319,048* | *516,844,841* | *18,273,023* |
| Justice— | | | | |
| Courts Administration Service— | | | | |
| Security for costs | 25,489 | 32,882 | 28,281 | 30,090 |
| Supreme Court of Canada— | | | | |
| Security for costs | 390,235 | 1,148 | 1,517 | 389,866 |
| | *415,724* | *34,030* | *29,798* | *419,956* |
| Natural Resources— | | | | |
| Guarantee deposits – Oil and gas | 233,851,353 | 65,861,949 | 54,660,440 | 245,052,862 |
| Less: securities held in trust | 229,218,363 | 47,955,645 | 59,373,500 | 240,636,218 |
| | *4,632,990* | *113,817,594* | *114,033,940* | *4,416,644* |

## TABLE 6.31
## DEPOSIT AND TRUST ACCOUNTS—*Continued*

|  | April 1/2010 | Receipts and other credits | Payments and other charges | March 31/2011 |
|---|---|---|---|---|
|  | $ | $ | $ | $ |
| Privy Council— |  |  |  |  |
| Chief Electoral Officer— |  |  |  |  |
| Candidates' and committees' deposits— |  |  |  |  |
| Election and referendums | 102,000 | 21,000 | 26,000 | 97,000 |
| Public Safety and Emergency Preparedness— |  |  |  |  |
| Canada Border Services Agency— |  |  |  |  |
| Guarantee deposits | 9,007,734 | 301,419 | 184,572 | 9,124,581 |
| Less: securities held in trust | 137,300 |  |  | 137,300 |
|  | *8,870,434* | *301,419* | *184,572* | *8,987,281* |
| General security deposits | 5,014,285 | 278,021 | 92,361 | 5,199,945 |
| Immigration guarantee fund | 26,540,526 | 8,417,558 | 9,553,558 | 25,404,526 |
| Temporary deposits received from importers | 60,797 | 16,672 |  | 77,469 |
|  | *40,486,042* | *9,013,670* | *9,830,491* | *39,669,221* |
| Royal Canadian Mounted Police— |  |  |  |  |
| Contractors' security deposits—Cash | 21,102 | 163,337 |  | 184,439 |
|  | *40,507,144* | *9,177,007* | *9,830,491* | *39,853,660* |
| Public Works and Government Services— |  |  |  |  |
| Contractors' security deposits—Cash | 7,902,184 | 4,348,431 | 8,123,532 | 4,127,083 |
| Deposits on disposals | 778,217 | 7,519,977 | 7,467,865 | 830,329 |
| Seized property—Cash | 82,545,341 | 22,238,241 | 34,324,899 | 70,458,683 |
|  | *91,225,742* | *34,106,649* | *49,916,296* | *75,416,095* |
| Other departments and agencies— |  |  |  |  |
| Contractors' security deposits— |  |  |  |  |
| Bonds | 2,688,241 |  |  | 2,688,241 |
| Less: securities held in trust | 2,688,241 |  |  | 2,688,241 |
| Cash | 2,084,131 | 12,767,449 | 11,397,563 | 3,454,017 |
| Certified cheques | 15,450 | 12,000 | 27,450 |  |
| Less: securities held in trust | 10,000 | 10,000 |  |  |
|  | *5,450* | *22,000* | *27,450* |  |
|  | *2,089,581* | *12,789,449* | *11,425,013* | *3,454,017* |
| Total deposit accounts | 723,438,876 | 2,237,621,098 | 2,175,343,841 | 785,716,133 |
| Trust accounts— |  |  |  |  |
| Human Resources and Skills Development— |  |  |  |  |
| Indian Residential Schools Settlement Agreement— |  |  |  |  |
| Common Experience Payments | 374,222,091 | 2,504,447 | 22,551,000 | 354,175,538 |
| Indian Affairs and Northern Development— |  |  |  |  |
| Indian band funds— |  |  |  |  |
| Capital accounts, Table 6.32 | 784,067,490 | 195,890,167 | 132,783,416 | 847,174,241 |
| Revenue accounts, Table 6.33 | 242,084,170 | 79,322,160 | 76,652,714 | 244,753,616 |
|  | *1,026,151,660* | *275,212,327* | *209,436,130* | *1,091,927,857* |
| Indian estate accounts | 16,708,660 | 6,800,250 | 5,281,836 | 18,227,074 |
| Indian savings accounts | 38,001,967 | 4,550,857 | 4,659,476 | 37,893,348 |
|  | *1,080,862,287* | *286,563,434* | *219,377,442* | *1,148,048,279* |
| Industry— |  |  |  |  |
| Restitutions under the Competition Act | 1,523 | 429 |  | 1,952 |
| National Defence— |  |  |  |  |
| Estates—Armed services | 550,078 | 2,028,491 | 2,233,609 | 344,960 |
| Public Safety and Emergency Preparedness— |  |  |  |  |
| Canadian Security Intelligence Service— |  |  |  |  |
| Scholastic awards | 26,740 | 170 |  | 26,910 |
| Correctional Service of Canada— |  |  |  |  |
| Inmates' trust fund | 16,378,839 | 42,604,056 | 41,642,678 | 17,340,217 |
| Royal Canadian Mounted Police— |  |  |  |  |
| Benefit trust fund | 2,307,599 | 77,317 | 126,984 | 2,257,932 |
|  | *18,713,178* | *42,681,543* | *41,769,662* | *19,625,059* |

## TABLE 6.31

DEPOSIT AND TRUST ACCOUNTS—*Concluded*

| | April 1/2010 | Receipts and other credits | Payments and other charges | March 31/2011 |
|---|---|---|---|---|
| | $ | $ | $ | $ |
| Veterans Affairs— | | | | |
| Administered accounts | 993,946 | 116,191 | 761,282 | 348,855 |
| Estates fund | 1,797,252 | 415,904 | 859,443 | 1,353,713 |
| Veterans administration and welfare trust fund | 1,218,818 | 535,819 | 134,863 | 1,619,774 |
| | *4,010,016* | *1,067,914* | *1,755,588* | *3,322,342* |
| Total trust accounts | 1,478,359,173 | 334,846,258 | 287,687,301 | 1,525,518,130 |
| Total deposit and trust accounts | 2,201,798,049 | 2,572,467,356 | 2,463,031,142 | 2,311,234,263 |

### Contractors' security deposits—Certified cheques—Agriculture and Agri-Food

This account was established to record contractors' securities that are required for the satisfactory performance of work in accordance with the Government Contracts Regulations.

### Canadian Dairy Commission account

The Canadian Dairy Commission is a Crown corporation listed in Part I of Schedule III of the *Financial Administration Act*. This account was established for banking purposes using the Consolidated Revenue Fund pursuant to section 15 of the *Canadian Dairy Commission Act*.

### Contractors' security deposits—Cash—Canadian Food Inspection Agency

This account was established to record contractors' securities that are required for the satisfactory performance of work in accordance with the Government Contracts Regulations.

### Guarantee deposits—Canada Revenue Agency

This account was established to record cash securities required to guarantee payment of Goods and Services Tax (GST) as it relates to non-resident registrants and, certain licensees as it relates to excise taxes, which are both payable pursuant to the *Excise Tax Act*.

Securities held in trust by the Agency are made up of cash deposited to the Consolidated Revenue Fund.

### Holdback—Privatization—Canada Development Investment Corporation

This account was established pursuant to subsection 129(1) of the *Financial Administration Act*. This special purpose money is to be used to meet costs incurred on the sale of Crown corporations and demand for payment by purchasers pursuant to the acquisition agreement and costs incurred by the Canada Development Investment Corporation in connection with their sale.

### Abandonment reserve fund—Canada Hibernia Holding Corporation

This account was established to record funds which will be used to defray the future abandonment costs that will occur at the closure of the Hibernia field.

### Swap collateral deposit

This account was established to record cash received as credit support under a collateral agreement with financial institutions.

### Guarantee deposits—Fish Habitat Preservation

This account was established to record cash and securities deposited as guarantees for preservation of fish habitat as required by permits, leases or authorizations, pursuant to Section 35 of the *Fisheries Act*. Interest is not allowed on cash deposits.

### Canada Labour Code—Other

This account was established to record amounts received under the provisions of section 251 of the Canada Labour Code Part III. The receipts are wage payments ordered by a Labour inspector in settlement of a wages dispute, which the employer has chosen to pay to the Minister of Labour instead of paying them directly to the employee. These amounts are then paid out to the employees.

### Canada Labour Code—Wage recovery appeals

This account was established to record amounts received under the provisions of section 251.1 of the Canada Labour Code Part III. This requires federally-regulated employers who wish to appeal a payment order made by a Labour inspector regarding wages due to employees, to forward the amounts due to the Minister of Labour for deposit. They are held until the appeal is completed and the adjudicator has directed payment of the disputed amount to the employee or return to the employer. Deposits in this account are interest-bearing at the rate set by the Minister of Finance for contractor's deposits.

### Fair wages deposit account

This account is operated under the authority of section 13 of the Fair Wages and Hours of Labour Regulations. Where an investigation in respect of a contract on Government works results in an award of wages, the amount received from the contractor is credited to this account, and is subsequently distributed to employees.

The account also records amounts received from departments and agencies, representing wages in respect of contracts, withheld from final payment to contractors.

### Field British Columbia and Yukon Operations of the Northern Canada Power Commission

This account was established to record amounts deposited by the Northern Canada Power Commission to reimburse liabilities pertaining to Field, British Columbia and Yukon Operations of the Northern Canada Power Commission.

### Guarantee deposits—Indian Affairs and Northern Development

This account was established to record cash and securities deposited as guarantees for performance as required by permits, leases, authorizations and water licences, pursuant to section 8 of the *Arctic Waters Pollution Prevention Act and of the Northwest Territories Waters Act* and various regulations under the *Territorial Lands Act*. Interest is not allowed on cash deposits.

### Guarantee deposits—Oil and gas—Indian Affairs and Northern Development

This account was established to record securities in the form of cash, promissory notes, letters of credit or other acceptable instruments which are required to be issued to, and held by the Government of Canada pursuant to a signed Exploration Agreement in accordance with the *Canada Petroleum Resources Act*. These securities are a performance guarantee or refundable rental that the agreed exploration work will be performed in the manner and time frame specified. Interest is not paid on these deposits.

### Guarantee deposits—Reserve resources

This account was established to record cash and bond security deposits with respect to Indian reserve licences and contracts for the development of resources, in accordance with the various regulations made under section 57 of the *Indian Act*. Interest is allowed on cash deposits.

### Special accounts—Section 63, Indian Act

This account was established to record funds held for Indians in authorized banks across Canada. These funds include such items as deposits and payments on leases held for individual Indians, and those to be split between individual Indians and Indian bands. This is a non-interest bearing account.

### Security for costs—Courts Administration Service

This account was established to maintain accounts on behalf of litigants before the Tax Court of Canada. These accounts record the funds paid into the Tax Court of Canada, pursuant to an order of the Court, rules of the Court or statutes, to be held pending payment of such funds, in accordance with an order/judgment of the Court.

### Security for costs—Supreme Court of Canada

This account was established to record security to the value of $500 deposited by an Appellant with the Registrar of the Supreme Court of Canada in accordance with paragraph 60(1)(b) of the *Supreme Court Act*. As per section 87 of the Rules of the Supreme Court of Canada, interest is paid on money deposited as security.

### Guarantee deposits—Oil and gas—Natural Resources

This account was established to record securities in the form of cash, promissory notes, and bonds which are required to be issued to, and held by the Government of Canada pursuant to an Exploration Licence in accordance with section 24 of the *Canada Petroleum Resources Act*. These securities are a performance guarantee that the agreed exploration will be performed in the manner and time frame specified. Interest is not paid on these deposits.

### Candidates' and committees' deposits—Election and referendum

This account was established to record candidates' election and committees' referendum deposits received in respect of an election (general or by-election) or a referendum.

Pursuant to the *Canada Election Act* or the *Referendum Act*, amounts received are either refunded to candidates or committees, or are transferred to non-tax revenues.

### Guarantee deposits—Canada Border Services Agency

This account was established to record cash required to guarantee payment of customs duties on imported goods pursuant to the *Customs Act*.

### General security deposits

This account was established to record general security deposits from transportation companies in accordance with subsection 148 of the *Immigration and Refugee Protection Act*.

### Immigration guarantee fund

This account was established by sections 14, 26, 44, 56, 58 and 148 of the *Immigration and Refugee Protection Act*, to record amounts collected and held pending final disposition, either by refund to the original depositor, or forfeiture to the Crown.

### Temporary deposits received from importers

This account was established to record temporary security deposits received from importers to ensure compliance with various (Customs) regulations regarding temporary entry of goods.

### Contractors' security deposits—Cash—Royal Canadian Mounted Police

This account was established to record contractors' securities that are required for the satisfactory performance of work in accordance with the Government Contracts Regulations.

### Contractors' security deposits—Cash—Public Works and Government Services

This account was established to record contractors' securities that are required for the satisfactory performance of work in accordance with the Government Contracts Regulations.

### Deposits on disposals

This account was established in accordance with the terms and conditions of the Real Property Disposition Revolving Fund to record receipts on disposals of properties.

### Seized property—Cash

This account was established pursuant to the *Seized Property Management Act*, to record seized cash. These funds will be deposited to the Consolidated Revenue Fund and credited to the account until returned to the owner or forfeited.

### Contractors' security deposits—Other departments and agencies

This account was established to record contractors' securities that are required for the satisfactory performance of work in accordance with the Government Contracts Regulations.

### Indian Residential Schools Settlement Agreement—Common Experience Payments

This account was established pursuant to section 21 of the *Financial Administration Act*, to record amounts received and paid under article 5 of the Indian Residential Schools Settlement Agreement. It was established on September 19, 2007, and provides for the payment of Common Experience Payments to eligible former students of recognized Indian Residential Schools. The account is credited with interest pursuant to section 21(2) of the *Financial Administration Act*. The Designated Amount Fund is co-administered by Indian Affairs and Northern Development and Human Resources and Skills Development.

### Indian band funds

This account was established to record funds belonging to Indian bands throughout Canada pursuant to sections 61 to 69 of the *Indian Act*.

## TABLE 6.32

## INDIAN BAND FUNDS—CAPITAL ACCOUNTS

| | 2010-2011 | 2009-2010 |
|---|---|---|
| | $ | $ |
| Opening balance | 784,067,490 | 839,522,951 |
| RECEIPTS AND OTHER CREDITS— | | |
| Oil royalties | 95,504,770 | 63,217,412 |
| Gas royalties | 42,861,027 | 39,225,190 |
| Sundries | 57,524,370 | 12,621,501 |
| | 195,890,167 | 115,064,103 |
| | 979,957,657 | 954,587,054 |
| PAYMENTS AND OTHER CHARGES— | | |
| Per capita cash distribution | 20,831,200 | 15,610,900 |
| Transfer pursuant to section 64 of the Indian Act | 111,952,216 | 149,542,307 |
| Sundries | | 5,366,357 |
| | 132,783,416 | 170,519,564 |
| Closing balance | 847,174,241 | 784,067,490 |

## TABLE 6.33

## INDIAN BAND FUNDS—REVENUE ACCOUNTS

| | 2010-2011 | 2009-2010 |
|---|---|---|
| | $ | $ |
| Opening balance | 242,084,170 | 232,285,848 |
| RECEIPTS AND OTHER CREDITS— | | |
| Government interest | 37,960,230 | 40,490,027 |
| Court awards and settlements | | 3,029,597 |
| Land and other claim settlements | 1,025,000 | 3,129,898 |
| Sundries | 40,336,930 | 43,706,536 |
| | 79,322,160 | 90,356,058 |
| | 321,406,330 | 322,641,906 |
| PAYMENTS AND OTHER CHARGES— | | |
| Per capita cash distribution | 1,629,800 | 1,575,679 |
| Transfer pursuant to section 69 of the Indian Act | 71,500,539 | 68,630,573 |
| Sundries | 3,522,375 | 10,351,484 |
| | 76,652,714 | 80,557,736 |
| Closing balance | 244,753,616 | 242,084,170 |

### Indian estate accounts

These accounts were established to record funds received and disbursed for estates of deceased Indians, mentally incompetent Indians and missing Indians pursuant to sections 42 to 51 and 52.3 of the *Indian Act*.

### Indian savings accounts

These accounts were established to record funds received and disbursed for individual Indians pursuant to sections 52 and 52.1 to 52.5 of the *Indian Act*.

### Restitutions under the Competition Act

This account was established to facilitate judgements rendered under section 52 of the *Competition Act*, and account for funds received in trust for restitution and for subsequent payment.

### Estates—Armed services

This account was established to record the service estates pursuant to section 42 of the *National Defence Act* of officers and non-commissioned members who die during their service in the Canadian Forces. Under the administration of the Judge Advocate General, in his capacity as Director of Estates, net assets of estates are distributed to the lawful representative of the personal estate.

### Scholastic awards

This account was established to record donations of $26,000 to be used for the presentation of scholarship awards to children of employees of the Canadian Security Intelligence Service to encourage university studies.

### Inmates' trust fund

Pursuant to section 111 of the Corrections and Conditional Release Regulations, this account is credited with moneys received from inmates at the time of incarceration, net earnings of inmates from employment inside institutions, moneys received for inmates while in custody, moneys received from sales of hobbycraft, money earned through work while on day parole, and interest. Payments to assist in the reformation and rehabilitation of inmates are charged to this account.

### Benefit trust fund

This account was established by section 23 of the *Royal Canadian Mounted Police Act*, to record funds received by personnel of the Royal Canadian Mounted Police, in connection with the performance of duties, over and above their pay and allowances.

### Administered accounts

Pursuant to section 41 of the *Pension Act*, section 15 of the *War Veterans Allowance Act*, section 55 of the Veterans Treatment Regulations and section 8 of the Guardianship of Veterans Property Regulations, these accounts are under the jurisdiction of the Department of Veterans Affairs. Funds held in these accounts include: *(a)* pensions, war veterans allowances and treatment allowances placed under the administration of the Department of Veterans Affairs; and, *(b)* benefits from other sources such as Old Age Security, Guaranteed Income Supplement or Canada Pension Plan, placed under administration with the consent of the client. These persons have demonstrated their inability to manage their own affairs.

Payments are made out of the accounts, to provide food, shelter, clothing, comforts and other necessities.

### Estates fund

This account was established to record the proceeds from the estates of those veterans who died while receiving hospital treatment or institutional care, and for those veterans whose funds had been administered by the Government, in accordance with sections 5, 6 and 7 of the Veterans' Estates Regulations. Individual accounts are maintained and payments are made to beneficiaries pursuant to the appropriate legislative authority.

### Veterans administration and welfare trust fund

This account was established to record donations, legacies, gifts, bequests, etc, received, to be disbursed for the benefit of veterans or their dependents under certain conditions, and for the benefit of patients in institutions, in accordance with section 9 of the Guardianship of Veterans' Property Regulations.

## Other Specified Purpose Accounts

There are a number of other specified purpose accounts operated by the Government, such as insurance, death benefit and pension accounts. Certain accounts earn interest which is charged to interest on the public debt.

Table 6.34 presents a summary of the balances and transactions for all other specified purpose accounts.

### TABLE 6.34

### OTHER SPECIFIED PURPOSE ACCOUNTS

| | April 1/2010 | Receipts and other credits | Payments and other charges | March 31/2011 |
|---|---|---|---|---|
| | $ | $ | $ | $ |
| Insurance and death benefit accounts— | | | | |
| Finance— | | | | |
| Office of the Superintendent of Financial Institutions— | | | | |
| Insurance company liquidation | 5,679,762 | 14,377,810 | 20,057,572 | |
| Human Resources and Skills Development— | | | | |
| Civil service insurance fund | 5,557,509 | 50,573 | 336,998 | 5,271,084 |
| National Defence— | | | | |
| Regular Force Death Benefit Account, Table 6.35 | 192,112,934 | 31,087,890 | 31,306,479 | 191,894,345 |
| Treasury Board— | | | | |
| Public Service Death Benefit Account, Table 6.36 | 2,828,860,022 | 287,643,328 | 155,547,038 | 2,960,956,312 |
| Veterans Affairs— | | | | |
| Returned soldiers' insurance fund | 12,321 | 1,302 | 1,367 | 12,256 |
| Veterans insurance fund | 4,162,694 | 63,264 | 626,386 | 3,599,572 |
| | *4,175,015* | *64,566* | *627,753* | *3,611,828* |
| Total insurance and death benefit accounts | 3,036,385,242 | 333,224,167 | 207,875,840 | 3,161,733,569 |
| Pension accounts— | | | | |
| Human Resources and Skills Development— | | | | |
| Annuities agents' pension account | 731 | 617 | 1,140 | 208 |
| Public Safety and Emergency Preparedness— | | | | |
| Royal Canadian Mounted Police— | | | | |
| Dependants' pension fund | 27,049,733 | 1,688,799 | 2,648,108 | 26,090,424 |
| Total pension accounts | 27,050,464 | 1,689,416 | 2,649,248 | 26,090,632 |
| Other accounts— | | | | |
| Agriculture and Agri-Food— | | | | |
| AgriInvest Program | 540,493,674 | 546,068,728 | 844,886,873 | 241,675,529 |
| AgriStability Program (previously Canadian Agricultural Income Stabilization) | 61,204,662 | 37,153,921 | 45,285,547 | 53,073,036 |
| Canadian Food Inspection Agency— | | | | |
| Shared-cost agreements | 1,614,319 | 1,618,088 | 1,420,779 | 1,811,628 |
| | *603,312,655* | *584,840,737* | *891,593,199* | *296,560,193* |
| Atlantic Canada Opportunities Agency— | | | | |
| Federal/provincial agreement—Advance account | | 480,000 | 119,761 | 360,239 |
| Canada Revenue Agency— | | | | |
| Deposits/Disbursements—Worker's Compensation Board | 174,995 | 242,299,961 | 242,413,218 | 61,738 |
| Underground Economy Working Group | | 133,202 | 133,202 | |
| | *174,995* | *242,433,163* | *242,546,420* | *61,738* |
| Canadian Heritage— | | | | |
| Miscellaneous projects deposits | 129,298 | 29,985 | 39,665 | 119,618 |
| Library and Archives of Canada— | | | | |
| Special Operating Account | 288,438 | 662,433 | 657,757 | 293,114 |
| Telefilm Canada— | | | | |
| Advance account | 37,391,282 | 137,905,023 | 138,057,770 | 37,238,535 |
| | *37,809,018* | *138,597,441* | *138,755,192* | *37,651,267* |

## TABLE 6.34

## OTHER SPECIFIED PURPOSE ACCOUNTS—*Continued*

|  | April 1/2010 | Receipts and other credits | Payments and other charges | March 31/2011 |
|---|---|---|---|---|
|  | $ | $ | $ | $ |
| Citizenship and Immigration— |  |  |  |  |
| Immigrant investor program | 74,800,000 | 964,744,000 | 973,944,000 | 65,600,000 |
| Environment— |  |  |  |  |
| Miscellaneous projects deposits[1] | 4,793,957 |  | 4,793,957 |  |
| Parks Canada Agency— |  |  |  |  |
| Miscellaneous projects deposits | 1,066,612 | 3,586,321 | 1,518,302 | 3,134,631 |
|  | *5,860,569* | *3,586,321* | *6,312,259* | *3,134,631* |
| Finance— |  |  |  |  |
| Common school funds—Ontario and Quebec | 2,677,771 |  |  | 2,677,771 |
| Foreign claims fund | 179,020 |  |  | 179,020 |
| War claims fund—World War II | 4,236 |  |  | 4,236 |
|  | *2,861,027* |  |  | *2,861,027* |
| Fisheries and Oceans— |  |  |  |  |
| Federal/provincial cost-sharing agreements | 728,954 | 1,050,218 | 1,099,033 | 680,139 |
| Miscellaneous projects deposits | 28,640,078 | 30,958,787 | 31,294,787 | 28,304,078 |
| Sales of seized assets | 953,844 | 315,661 | 578,069 | 691,436 |
|  | *30,322,876* | *32,324,666* | *32,971,889* | *29,675,653* |
| Foreign Affairs and International Trade— |  |  |  |  |
| Canada Foundation account | 358,522 |  |  | 358,522 |
| Less: securities held in trust | 351,370 |  |  | 351,370 |
| deposits in a special bank account | 7,152 |  |  | 7,152 |
| Financial assistance to Canadians abroad | 127,018 | 1,148,832 | 1,158,802 | 117,048 |
| Funds from non-governmental organizations | 1,495,228 | 5,975,453 | 6,138,336 | 1,332,345 |
| Shared-cost agreements[2] |  | 1,099 |  | 1,099 |
| Shared-cost projects | 10,576,118 | 5,974,095 | 4,984,295 | 11,565,918 |
| Canadian International Development Agency— |  |  |  |  |
| Shared-cost projects—Support to various programs | 1,087,521 | 4,468,371 | 5,554,040 | 1,852 |
| NAFTA Secretariat, Canadian Section |  |  |  |  |
| Shared-cost agreements[2] | 1,099 |  | 1,099 |  |
|  | *13,286,984* | *17,567,850* | *17,836,572* | *13,018,262* |
| Health— |  |  |  |  |
| Collaborative research projects | 2,578,219 | 1,316,584 | 916,423 | 2,978,380 |
| Miscellaneous federal/provincial projects | 1,353,650 | 33,147 | 207,293 | 1,179,504 |
| World Health Organization | 104,515 |  |  | 104,515 |
| Public Health Agency of Canada— |  |  |  |  |
| Collaborative research projects | 1,251,001 | 447,041 | 414,487 | 1,283,555 |
| Miscellaneous federal/provincial projects | 986,197 |  |  | 986,197 |
|  | *6,273,582* | *1,796,772* | *1,538,203* | *6,532,151* |
| Human Resources and Skills Development— |  |  |  |  |
| Canada Millennium Scholarship Foundation Excellence Awards | 14,403,841 |  | 7,143,069 | 7,260,772 |
| Federal/provincial collaborative agreement |  | 39,921,314 | 39,919,873 | 1,441 |
| Federal/provincial shared-cost project | 438,135 | 171,060 | 215,602 | 393,593 |
| Federal/provincial shared-cost project—Interprovincial Computerized Examination Management System (ICEMS) | 1,940,258 | 1,045,836 | 718,107 | 2,267,987 |
| Labour standards suspense account | 1,479,623 | 31,128 |  | 1,510,751 |
| Provincial funding for collaborative arrangement—Labour Market Development Agreement (LMDA)-British Columbia | 7,379,115 | 300,218,198 | 302,820,344 | 4,776,969 |
| Provincial funding for collaborative arrangement—Labour Market Development Agreement (LMDA)-Newfoundland and Labrador | 3,433,432 | 131,012,000 | 126,083,204 | 8,362,228 |
| Provincial funding for collaborative arrangement—Labour Market Development Agreement (LMDA)-Nova Scotia | 3,876,329 | 78,000,000 | 76,853,687 | 5,022,642 |
| Provincial funding for collaborative arrangement—Labour Market Development Agreement (LMDA)-Ontario | 16,114,145 | 160,300,000 | 176,412,876 | 1,269 |

## TABLE 6.34

## OTHER SPECIFIED PURPOSE ACCOUNTS—*Continued*

| | April 1/2010 | Receipts and other credits | Payments and other charges | March 31/2011 |
|---|---|---|---|---|
| | $ | $ | $ | $ |
| Provincial funding for collaborative arrangement—Labour Market Development Agreement (LMDA)-Yukon Territory | 273,296 | 2,597,216 | 2,299,696 | 570,816 |
| Canadian Centre for Occupational Health and Safety—Shared-cost agreements | 108,000 | | 65,500 | 42,500 |
| | *49,446,174* | *713,296,752* | *732,531,958* | *30,210,968* |
| Indian Affairs and Northern Development— | | | | |
| Indian special accounts | 390,042 | 1,678 | | 391,720 |
| Indian band funds— | | | | |
| Shares and certificates | 20,000 | | | 20,000 |
| Less: securities held in trust | 20,000 | | | 20,000 |
| | | | | |
| Indian compensation funds | 222,340 | | | 222,340 |
| Indian moneys suspense account | 37,477,318 | 78,273,532 | 67,175,502 | 48,575,348 |
| Non-Indian moneys | 695,400 | 46,979,407 | 46,188,859 | 1,485,948 |
| | *38,785,100* | *125,254,617* | *113,364,361* | *50,675,356* |
| Industry— | | | | |
| Canada/Provinces Business Service Centre | 131,823 | 400,000 | 505,001 | 26,822 |
| Income from securities in trust—Bankruptcy and Insolvency Act | 52,031 | | | 52,031 |
| Petro-Canada Enterprises Inc—Unclaimed shares | 689,150 | | | 689,150 |
| Securities in trust—Bankruptcy and Insolvency Act | 31,266 | | | 31,266 |
| Less: securities held in trust | 31,266 | | | 31,266 |
| | | | | |
| Shared-cost/joint project agreements—Research | 142,201 | 133,450 | 106,615 | 169,036 |
| Shared-cost projects | 1,271,602 | 610,151 | 813,659 | 1,068,094 |
| Unclaimed dividends and undistributed assets— | | | | |
| Bankruptcy and Insolvency Act | 20,216,543 | 3,000,579 | 1,377,434 | 21,839,688 |
| Canada Business Corporations Act | 8,976,057 | 192,568 | 183,725 | 8,984,900 |
| Winding-up and Restructuring Act | 1,299,473 | 608,045 | | 1,907,518 |
| Canadian Space Agency—Radarsat | 99,879 | | 2,418 | 97,461 |
| Statistics Canada—Project deposits | 5,744,417 | 95,324,272 | 96,853,558 | 4,215,131 |
| | *38,623,176* | *100,269,065* | *99,842,410* | *39,049,831* |
| Justice— | | | | |
| Courts Administration Service—Special account | 7,357,482 | 1,532,327 | 2,990,657 | 5,899,152 |
| Offices of the Information and Privacy Commissioners of Canada—Cost-sharing agreement | 8,063 | | 8,063 | |
| | *7,365,545* | *1,532,327* | *2,998,720* | *5,899,152* |
| National Defence— | | | | |
| Foreign governments— | | | | |
| United Kingdom— | | | | |
| British Army—Suffield, Alberta | 2,808,633 | 6,017,305 | 8,167,744 | 658,194 |
| Wainwright, Alberta | 1 | | 1 | |
| Netherlands | 1,405,096 | | 1,405,096 | |
| Air projects | 1 | | 1 | |
| Security | 4,396,764 | | 1,298,694 | 3,098,070 |
| | *8,610,495* | *6,017,305* | *10,871,536* | *3,756,264* |
| Joint research and development projects | 4,882,624 | 5,658,288 | 5,764,422 | 4,776,490 |
| Non-government agencies | 3,029,410 | 6,279,771 | 5,762,823 | 3,546,358 |
| North Atlantic Treaty Organization (NATO)—Infrastructure projects | 2 | | 2 | |
| | *16,522,531* | *17,955,364* | *22,398,783* | *12,079,112* |
| Natural Resources— | | | | |
| Market development incentive payments—Alberta | 4,664,104 | | 12,516 | 4,651,588 |
| Newfoundland Offshore Revenue Account | 2 | 1,050,826,399 | 1,050,826,401 | |
| Nova Scotia Offshore Revenue Account | | 196,870,600 | 196,870,600 | |
| Shared-cost agreements—Research | 5,231,034 | 14,504,865 | 15,337,189 | 4,398,710 |
| Shared-cost projects | 2,007,569 | 240,096 | | 2,247,665 |
| Canadian Nuclear Safety Commission—Security equipment purchases | 193,976 | 257,187 | 225,181 | 225,982 |
| | *12,096,685* | *1,262,699,147* | *1,263,271,887* | *11,523,945* |

## TABLE 6.34

## OTHER SPECIFIED PURPOSE ACCOUNTS—*Concluded*

| | April 1/2010 | Receipts and other credits | Payments and other charges | March 31/2011 |
|---|---|---|---|---|
| | $ | $ | $ | $ |
| Privy Council— | | | | |
| Shared-cost projects—Media travel expenses | 930,483 | 347,321 | 504,816 | 772,988 |
| Public Safety and Emergency Preparedness— | | | | |
| Royal Canadian Mounted Police— | | | | |
| Joint research and development projects | 662,643 | 515,416 | | 1,178,059 |
| Seized assets—Canadian funds | 650,222 | | | 650,222 |
| | *1,312,865* | *515,416* | | *1,828,281* |
| Public Works and Government Services— | | | | |
| Credit card—Special project fund | 924,992 | | | 924,992 |
| Francophone Summits | 4,733 | 66,705 | 59,757 | 11,681 |
| Military purchases excess funds deposit | 192,835,483 | 8,542,021 | | 201,377,504 |
| Less: securities held in trust | 192,835,483 | | 8,542,021 | 201,377,504 |
| | | *8,542,021* | *8,542,021* | |
| | *929,725* | *8,608,726* | *8,601,778* | *936,673* |
| Veterans Affairs— | | | | |
| Shared-cost agreements | 16,833 | 124,554 | 122,043 | 19,344 |
| Total | 940,730,823 | 4,216,974,239 | 4,549,254,251 | 608,450,811 |
| Less: consolidation adjustment(3) | 37,391,282 | 152,747 | | 37,238,535 |
| Total other accounts | 903,339,541 | 4,217,126,986 | 4,549,254,251 | 571,212,276 |
| Total other specified purpose accounts | 3,966,775,247 | 4,552,040,569 | 4,759,779,339 | 3,759,036,477 |

(1) During the year, this account was transferred to Table 5.5 in Section 5 of this volume.

(2) During the year, this account was transferred from NAFTA Secretariat, Canadian Section to the Department of Foreign Affairs and International Trade.

(3) Additional information on consolidated Crown corporations and other entities is provided in Section 4 of this volume.

### Insurance company liquidation

This account was established to record receipts and disbursements resulting from the liquidation of the estate, of various insurance companies for which the Superintendent of Financial Institutions is the court appointed liquidator.

During the year, the account was closed.

### Civil service insurance fund

This account was established by the *Civil Service Insurance Act*, introduced to enable the Minister of Finance to contract with a person appointed to a permanent position in any branch of the public service, for the payment of certain death benefits. No new contracts have been entered into since 1954, when the Supplementary Death Benefit Plan for the Public Service and Canadian Forces was introduced as part of the *Public Service Superannuation Act* and the *Canadian Forces Superannuation Act*, respectively. As of April 1$^{st}$, 1997, the Department of Human Resources and Skills Development (Human Resources and Skills Development) assumed responsibility for the administration and the actuarial valuation of the *Civil Service Insurance Act*.

The number of policies in force as of March 31, 2011 was 965 and the average age of the policyholders was 90.3 years. During the year, premiums of $979 were received. Death benefits, settlement annuities and premium refunds of $336,998 were paid during 2010-2011.

According to the actuarial valuation and with the prescribed actuarial assumptions, the liabilities in respect of the benefits provided under the Act are estimated at $5,271,083 as at March 31, 2011. The balance in the Account as at March 31, 2011 is $5,221,490. The deficit as at March 31, 2011 is therefore $49,593. Pursuant to subsection 16(3) of the Civil Service Insurance Regulations, an amount of $49,593 has therefore been credited to the Account in 2010-2011.

## Regular Force Death Benefit Account

This account was established by the *Canadian Forces Superannuation Act*, to provide life insurance to contributing members and former members of the Canadian Forces. Receipts and other credits consist of: *(a)* contributions by participants; *(b)* Government's contribution paid in respect of participants; *(c)* single premiums payable by the Government in respect of participants who became entitled to a basic benefit of $5,000 without contribution; and, *(d)* interest.

Payments and other charges consist of: *(a)* benefits paid in respect of participants; *(b)* benefits paid in respect of elective; and, *(c)* the portion of benefit payable for which a single premium has been paid by the Government.

### TABLE 6.35

### REGULAR FORCE DEATH BENEFIT ACCOUNT

| | 2010-2011 | 2009-2010 |
|---|---|---|
| | $ | $ |
| Opening balance | 192,112,934 | 192,592,769 |
| RECEIPTS AND OTHER CREDITS— | | |
| Contributions by personnel | 16,545,919 | 16,633,527 |
| Government's contribution | 1,977,320 | 2,075,662 |
| Single premiums payable by the Government in respect of regular force participants who became entitled to a basic benefit of $5,000 without contribution | 461,229 | 539,406 |
| Interest | 12,103,422 | 12,732,550 |
| | 31,087,890 | 31,981,145 |
| | 223,200,824 | 224,573,914 |
| PAYMENTS AND OTHER CHARGES— | | |
| Benefits paid in respect of participants who, at the time of death, were members of the regular force, or who were elective regular force participants | 31,306,479 | 32,460,980 |
| Closing balance | 191,894,345 | 192,112,934 |

## Public Service Death Benefit Account

This account was established under the *Public Service Superannuation Act*, to provide life insurance to contributing members of the Public Service.

The account is credited with: *(a)* contributions by employees; *(b)* contributions by the Government and Public Service corporations; and, *(c)* interest. Payments and other charges represent: *(a)* benefits paid in respect of participants who, at the time of death, were employed in the Public Service, or were in receipt of an annuity under Part I of the *Public Service Superannuation Act*; and, *(b)* benefits of $10,000 paid in respect of participants who, at the time of death, were employed in the Public Service, or were in receipt of an annuity under Part I of the *Public Service Superannuation Act*, and on whose behalf a single premium for $10,000 death benefit coverage for life has been made.

### TABLE 6.36

### PUBLIC SERVICE DEATH BENEFIT ACCOUNT

| | 2010-2011 | 2009-2010 |
|---|---|---|
| | $ | $ |
| Opening balance | 2,828,860,022 | 2,702,221,845 |
| RECEIPTS AND OTHER CREDITS— | | |
| Contributions— | | |
| Employees— | | |
| Government and Public Service corporations | 92,653,997 | 87,993,370 |
| Goverement— | | |
| General | 9,951,785 | 9,556,419 |
| Single premium for $10,000 | 1,954,998 | 1,846,852 |
| Public Service corporations | 1,153,071 | 1,127,541 |
| interest | 181,929,477 | 180,497,625 |
| | 287,643,328 | 281,021,807 |
| | 3,116,503,350 | 2,983,243,652 |
| PAYMENTS AND OTHER CHARGES— | | |
| Benefit payments— | | |
| General | 119,283,549 | 114,568,042 |
| Life coverage for $10,000 | 36,154,611 | 39,735,887 |
| Other death benefit payments | 108,878 | 79,701 |
| | 155,547,038 | 154,383,630 |
| Closing balance | 2,960,956,312 | 2,828,860,022 |

## Returned soldiers' insurance fund

This fund was established by the *Returned Soldiers' Insurance Act*, to provide life insurance to contributing veterans of World War I. The account is credited with premiums and is charged with disbursements for death benefits and cash surrender values. The account is actuarially maintained and an actuarial liability adjustment as at March 31, 2010 of $1,302 was credited to the account during the year and was charged to expenditures. The final date on which application for this insurance could have been received was August 31, 1933.

## Veterans insurance fund

This fund was established by the *Veterans' Insurance Act*, to provide life insurance to contributing veterans of World War II. The account is credited with premiums and is charged with disbursements for death benefits and cash surrender values. The account is actuarially maintained and an actuarial liability adjustment as at March 31, 2010 of $63,264 was credited to the account during the year and was charged to expenditures. The final date on which application for this insurance could have been received was October 31, 1968.

## Annuities agents' pension account

This account was established by Vote 181, *Appropriation Act No. 1, 1961*, to provide pension benefits to former eligible Government employees who were engaged in selling Government annuities to the public.

### Dependants' pension fund

This fund, which pertains to Part IV of the *Royal Canadian Mounted Police Pension Continuation Act*, provides pension benefits to certain widows and other dependants of contributing members of the Royal Canadian Mounted Police. The fund is credited with a 5 percent contribution from the pay of members of the Force (other than commissioned officers) who are subject to the *Pension Continuation Act*. There are no longer any active members amongst the contributors.

### AgriInvest Program

The AgriInvest Program is a savings account designed to help producers cover small margin declines.

The AgriInvest Program is cost-shared with provinces and territories on a 60/40 basis. The provinces and territories are invoiced for their share of the contributions, which are held in the specified purpose accounts until they are applied and transferred to the producer accounts. The funds in the producers specified purpose accounts are then drawn down as AgriInvest account holders request withdrawals or when the funds are transferred to a financial institution.

Starting with the 2009 program year, producers are required to make their AgriInvest deposits at a financial institution of their choice and any funds which were previously held by the federal government will be transferred to the new accounts.

### AgriStability Program (previously Canadian Agricultural Income Stabilization)

The AgriStability Program is designed to cover larger margin declines caused by circumstances such as low prices, production losses, and rising input costs.

The AgriStability Program is cost-shared with provinces and territories on a 60/40 basis. Producers are charged a fee in order to participate in the program, which covers a portion of the program expenditure. The provinces and territories as well as producers are invoiced for their share of the contributions, which are held in the specified purpose accounts. These funds are drawn down as applications are processed and benefits are paid out.

### Shared-cost agreements—Canadian Food Inspection Agency

This account was established to record amounts deposited by external parties for shared-cost research projects. Funds are disbursed on behalf of depositors as specific projects are undertaken.

### Federal/provincial agreement—Advance account

This account was established to record deposits from non-federal partners for their share of costs under various projects. Funds are disbursed on behalf of contributors as projects are undertaken. Unused funds are to be returned to contributors.

### Deposits/Disbursements—Worker's Compensation Board

This account was established under the authority of the *Canada Revenue Agency Act* and the *Worker's Compensation Act*, to enable the Canada Revenue Agency (CRA) to record and forward on daily basis, funds received from Nova Scotia employers to the Worker's Compensation Board of Nova Scotia, as part of a partnership arrangement between the Agency and the Board.

### Underground Economy Working Group

This account was established to record the costs associated with the Underground Economy Working Group, which are shared between the Canada Revenue Agency, the provinces and the territories according to an established cost-sharing formula.

The working group's mandate is to reduce participation in the underground economy through research, information sharing, communication, education and enforcement.

### Miscellaneous projects deposits—Canadian Heritage

This account was established to record contributions received from organizations and individuals for various projects.

### Special Operating Account

This account was established pursuant to section 18 of the *Library and Archives of Canada Act*, which also directed that *(a)* the account be credited with funds received for the purpose of the Library and Archives Canada by way of donation, bequest or otherwise and *(b)* any amounts required for the purpose of the Act may be paid out of the account or out of money appropriated by Parliament for such purposes.

### Advance account—Telefilm Canada

This account was established pursuant to section 19 of the *Telefilm Canada Act*, to reserve for use in future years, funds generated by projects funded by Telefilm Canada, and which, due to timing, remained unreinvested at year end.

### Immigrant investor program

This account was established to record the receipt and disbursement of amounts received under the Immigrant Investor Program in accordance with section 12(2) of the *Immigration and Refugee Protection Act* and section 91(d) of the Immigration and Refugee Protection Regulations. This program allows qualified immigrants to gain permanent residence in Canada by making an investment in the Canadian economy.

### Miscellaneous projects deposits—Environment

This account was established to record contributions received from organizations and individuals, for the advancement of research work and clean-up efforts.

During the year, this account was transferred to Table 5.5 in Section 5 of this volume.

### Miscellaneous projects deposits—Parks Canada Agency

This account was established to record contributions received from organizations and individuals for various projects.

### Common school funds—Ontario and Quebec

This account was established under *12 Victoria 1849*, Chapter 200, to record the proceeds from the sale of lands set apart for the support and maintenance of common schools in Upper and Lower Canada, now Ontario and Quebec. Interest of $133,889, apportioned on the basis of population, is paid directly to these provinces on a semi-annual basis, at the rate of 5 percent per annum, and is charged to interest on the public debt.

### Foreign claims fund

This account was established by Vote 22a, *Appropriation Act No. 9, 1966*, to record: *(a)* such part of the money received from the Custodian of Enemy Property, proceeds of the sale of property and the earnings of property, and, *(b)* all amounts received from governments of other countries pursuant to agreements entered into after April 1, 1966 relating to the settlement of Canadian claims, and also records payment of claims submitted, including payment of the expenses incurred in investigating and reporting on such claims.

### War claims fund—World War II

This account was established by Vote 696, *Appropriation Act No. 4, 1952*, to record funds received from the Custodian of Enemy Property or from other sources, and payments: *(a)* to eligible claimants for compensation in respect of World War II; *(b)* of a supplementary award amounting to 50 percent of the original award (PC 1958-1467, October 23, 1958); and, *(c)* of expenses incurred in investigating and reporting on claims.

A War Claims Commission was established to enquire into and report on claims made by Canadians arising out of World War II for which compensation may be paid from this or any other fund established for the purpose. The expenses of the Commission are chargeable hereto.

### Federal/provincial cost-sharing agreements

This account was established to record the deposit of funds received from the provinces for cost-shared programs according to official signed agreements.

### Miscellaneous projects deposits—Fisheries and Oceans

This account was established to record contributions received from organizations and individuals, for the advancement of research work.

### Sales of seized assets

The account was established to record the proceeds of the sale of seized items by the Department of Fisheries and Oceans from a person contravening the *Fisheries Act*. Funds so received are held in the Consolidated Revenue Fund pending final resolution of the case by the Minister of Fisheries and Oceans or the courts.

### Canada Foundation account

This account was established by Vote 6g, *Appropriation Act No. 2, 1967*, to record funds received in connection with the Civilian Relief Agreement of 1950, and the Cultural Agreement of 1954 between Canada and Italy, and disbursements for the purposes of the said agreements.

### Financial assistance to Canadians abroad

This account was established to record funds received from families or friends as prepayment for financial assistance to distressed Canadians abroad.

### Funds from non-governmental organizations

This account was established to record funds received as prepayment for services to be performed by the Department of Foreign Affairs and International Trade on behalf of third parties.

### Shared-cost agreements—Foreign Affairs and International Trade

This account was established to record funds received from the United States and the Mexican Sections of the NAFTA Secretariat, for the development and administration of common information management systems.

### Shared-cost projects—Foreign Affairs and International Trade

This account was established to record funds received from organizations outside the Government of Canada accounting entity for shared-cost projects.

### Shared-cost projects—Support to various programs

This account was established to record deposits received and payments made in accordance with authorities for shared-cost projects to support a water management program and various programs in the education sector.

### Collaborative research projects—Health

This account was established to record funds received from client groups for cost shared and joint project research agreements.

### Miscellaneous federal/provincial projects—Health

This account was established to record transactions relating to the provinces/territories share of costs incurred under federal/provincial cost-sharing agreements for joint federal/provincial/territorial projects which address health issues which are national in scope.

### World Health Organization

This account was established to record funds received from the World Health Organization, for scientific projects.

### Collaborative research projects—Public Health Agency of Canada

This account was established to record funds received from client groups for cost shared and joint project research agreements.

### Miscellaneous federal/provincial projects—Public Health Agency of Canada

This account was established to record transactions relating to the provinces/territories share of costs incurred under federal/provincial cost-sharing agreements for joint federal/provincial/territorial projects which address health issues which are national in scope.

### Canada Millennium Scholarship Foundation Excellence Awards

The account is established pursuant to Part 4 of the *Budget Implementation Act*, 2008, and to the agreement between the Canada Millennium Scholarship Foundation (CMSF), Human Resources and Skills Development Canada (HRSDC), and Treasury Board, to transfer funds from the CMSF to HRSDC for the purpose of making any remaining payments due to students who are receiving CMSF Excellence Awards where the payment eligibility period extends past the date of dissolution of the CMSF, and for payment of the costs of administering this program on behalf of the CMSF.

The amount transferred was $14,824,352. HRSDC will administer the remaining Excellence Awards Disbursements until December 31, 2013. After this date, HRSDC will transfer any funds remaining in the account to the Consolidated Revenue Fund, as per Part 4 of the *Budget Implementation Act*, 2008.

### Federal/provincial collaborative agreement

This account was established to record amounts received by Human Resources and Skills Development from a province as funding under the provisions of a collaborative agreement with the province.

### Federal/provincial shared-cost project—Human Resources and Skills Development

This account was established to record the deposit of advance payments made by provinces towards the costs of projects and programs for which there is a cost-sharing agreement with the federal Government. Disbursements are made to pay the provinces' share of costs per official agreements or to refund unused amounts.

### Federal/provincial shared-cost project—Interprovincial Computerized Examination Management System (ICEMS)

This account was established to record advance payments received from provincial and territorial governments to cover their share of the costs of the ICEMS Project. Advance payments are made pursuant to the ICEMS Agreement on a Joint Project to develop and implement an ICEMS and the Capital Contingency Fund Policy. The costs incurred are charged to the account and any unexpended funds will be returned to provinces at the end of the project.

### Labour standards suspense account

This account was established under the authority of section 23 of the Canada Labour Standards Regulations to record wages received by the Minister of Labour from employers who cannot locate employees. Efforts are then made to locate employees. Wages are paid out when employees are located or when employees contact the department for payment.

### Provincial funding for collaborative arrangement—Labour Market Development Agreement (LMDA)-British Columbia

This account was established to record deposits of payments from the Province of British Columbia to Human Resources and Skills Development under the LMDA. The funding provided by the Province of British Columbia is used by Human Resources and Skills Development to make payments to provincial LMDA clients.

### Provincial funding for collaborative arrangement—Labour Market Development Agreement (LMDA)-Newfoundland and Labrador

This account was established to record deposits of payments from the Province of Newfoundland and Labrador to Human Resources and Skills Development under the LMDA. The funding provided by the Province of Newfoundland and Labrador is used by Human Resources and Skills Development to make payments to provincial LMDA clients.

### Provincial funding for collaborative arrangement—Labour Market Development Agreement (LMDA)-Nova Scotia

This account was established to record deposits of payments from the Province of Nova Scotia to Human Resources and Skills Development under the LMDA. The funding provided by the Province of Nova Scotia is used by Human Resources and Skills Development to make payments to provincial LMDA clients.

### Provincial funding for collaborative arrangement—Labour Market Development Agreement (LMDA)-Ontario

This account was established to record deposits of payments from the Province of Ontario to Human Resources and Skills Development under the LMDA. The funding provided by the Province of Ontario is used by Human Resources and Skills Development to make payments to provincial LMDA clients.

### Provincial funding for collaborative arrangement—Labour Market Development Agreement (LMDA)-Yukon Territory

This account was established to record deposits of payments from the Yukon Territory to Human Resources and Skills Development under the LMDA. The funding provided by the Yukon Territory is used by Human Resources and Skills Development to make payments to territorial LMDA clients.

### Shared-cost agreements—Canadian Centre for Occupational Health and Safety

This account represents funds contributed to a joint federal/provincial sponsored inquiries service provided by Canadian Centre for Occupational Health and Safety.

### Indian special accounts

Indian special accounts represent a number of non-interest bearing accounts which are maintained for specific purpose and include the following:

*(a)* Quebec fur account—This account was established to record funds received from the sales of pelts trapped on reserves in the Abitibi District in Quebec, to defer charges for tallymen's wages, freight costs, etc. No activity was reported in the current year.

*(b)* Off-reserve housing program—Personal Contributions—This account was established to record personal contributions held in trust until paid to the vendor, builder or legal representative. No activity was reported in the current year.

*(c)* Fines—*Indian Act*—Fines collected as defined in section 104 of the *Indian Act*, are credited to this account for the benefit of the bands or members of the bands. Expenditures may be made per the direction of the Governor in Council to cover certain costs in the administration or promotion of the purpose of the relative law.

### Indian band funds—Shares and certificates

This account was established under the *Indian Act*, to record the historical value of TransAlta Utilities Corporation shares received as compensation for a power line right-of-way on the Blood Indian reserve. These shares are held in the name of the Receiver General for Canada for the credit of the Blood Indian Band. Any dividends received are credited to the revenue account of the Blood Indian Band.

### Indian compensation funds

This holding account was established to record moneys received from the sales of Indian lands and easement compensation where the title has not been cleared nor the land survey completed.

### Indian moneys suspense account

This account was established to hold moneys received for individual Indians and bands, that cannot be disbursed to an Indian, or credited to an Indian Band Fund or Individual Trust Fund account, pending execution of the related lease, permit or licence, settlement of litigation, registration of the Indian or identification of the recipient.

### Non-Indian moneys

This account was established to collect "Provincial Mineral Revenues" on behalf of the Province of Saskatchewan and remit the same in the manner as described in an agreement between the two parties. The collection and remittance arrangement is anticipated to terminate upon the expiry or forfeiture of all Replacement Mineral Dispositions or earlier if the Disposition Holders decide to stop drilling. All revenue moneys collected, received or held by the Crown for the use and benefit of the First Nations or its members cease to be Indian moneys and must be transferred to the First Nations. Monies must be held separately in a non-Indian moneys account. This account is interest bearing.

### Canada/Provinces Business Service Centre

This account was established to record funds received from other provinces under cost-sharing agreements for the Canada-Ontario Business Service Centre.

### Income from securities in trust—Bankruptcy and Insolvency Act

This account was established by sections 78, 84, 154 and 194 of the *Bankruptcy and Insolvency Act*, to record dividends paid on stocks originally held by a bankrupt stockbroker but subsequently sold to clients. As the stocks were not registered in the clients' names, the dividends must be paid to the last registered owner, in this case, the stockbroker. The dividends are forwarded to the Superintendent of Bankruptcy for safekeeping.

### Petro-Canada Enterprises Inc—Unclaimed shares

This account was established by Section 227 of the *Canada Business Corporation Act* to record the liability to shareholders who have not presented their shares for payment.

### Securities in trust—Bankruptcy and Insolvency Act

This account was established by section 67 of the *Bankruptcy and Insolvency Act*, to record the value of securities originally held by a bankrupt stockbroker, on behalf of clients who have not been located.

### Shared-cost/joint project agreements—Research

This account was established to record funds received from other governments and organizations in order to cover expenditures incurred under various shared-cost/joint project agreements.

### Shared-cost projects—Industry

This account was established to record funds received from other governments and organizations in order to cover expenditures incurred under various shared-cost/joint project agreements.

### Unclaimed dividends and undistributed assets—Bankruptcy and Insolvency Act

This account represents amounts credited to the Receiver General in accordance with the provisions of section 154 of the *Bankruptcy and Insolvency Act*, pending distribution to creditors.

### Unclaimed dividends and undistributed assets—Canada Business Corporations Act

This account was established in accordance with sections 227 and 228 of the *Canada Business Corporations Act*, for the purpose of recording liabilities to creditors and shareholders who have not been located. The account is charged when funds are paid to them.

### Unclaimed dividends and undistributed assets—Winding-up and Restructuring Act

This account records amounts credited to the Receiver General, in accordance with sections 138 and 139 of the *Winding-up and Restructuring Act*, pending distribution.

### Radarsat

This account was established to record funds received for both cost-sharing and advance payments for Radarsat scenes.

### Project deposits—Statistics Canada

This account was established to record deposits received from outside parties to secure payments for special statistical services.

### Special account—Courts Administration Service

This account was established to maintain accounts on behalf of litigants before the Federal Court and Federal Court of Appeal. These accounts record the funds paid into the Federal Court and Federal Court of Appeal, pursuant to an order of the Courts, rules of the Courts or statutes, to be held pending payment of such funds, in accordance with an order/judgment of these Courts.

### Cost-sharing agreement

This account was established to record deposits received from an organization outside the Government of Canada accounting entity and payments made in accordance with a Memorandum of agreement for shared-costs to assume part of the living costs for the loan of staff in Paris.

During the year, the account was closed.

### Foreign governments

These accounts were established to record funds received from foreign governments, to cover expenditures to be made on their behalf, in accordance with the provisions of agreements with the Government of Canada.

### Joint research and development projects—National Defence

This account was established to record funds received from the private sector through collaborative relationships where the work is shared between the government and the private sector laboratory.

### Non-government agencies

This account was established to record funds received for expenditures made on behalf of non-government agencies, for which specific accounts have not been established.

### North Atlantic Treaty Organization (NATO)—Infrastructure projects

These accounts were established to record funds received from NATO to cover *(a)* NATO infrastructure projects implemented by Canada, and, *(b)* other expenditures to be made on NATO's behalf, in accordance with the terms of an agreement with the Government of Canada.

During the year, the account was closed.

### Market development incentive payments—Alberta

This account records funds received from the Government of Alberta, to encourage the expansion of natural gas markets in Alberta and provinces to the East, in accordance with an agreement between the Government of Canada and the Government of Alberta dated September 1, 1981 and pursuant to section 39 of the *Energy Administration Act*. The original term of the agreement was from November 1, 1981 to January 31, 1987. As a result of the Western Accord of March 25, 1985, payments from the Government of Alberta terminated as at April 30, 1986, however, payments continued to be made from the account for selected programs, which encouraged the use of natural gas for vehicles.

More recently, a new strategy for the expenditure of these funds has been agreed upon. This strategy consists of a 50/50 split for expending the remaining funds in support of natural gaz (NG) market expansion activities related to transportation and combined heat and power applications.

### Newfoundland Offshore Revenue Account

This account was established pursuant to section 214 of the *Canada-Newfoundland Atlantic Accord Implementation Act* to facilitate the sharing of certain revenues accruing from oil and gas activities in the Newfoundland offshore area with the Province of Newfoundland. Through statutory provisions of the Act, an amount equal to certain offshore revenues (taxes, royalties and miscellaneous revenues) is credited to this account and subsequent payments to the Province of Newfoundland are charged thereto.

### Nova Scotia Offshore Revenue Account

This account was established pursuant to section 219 of the *Canada-Nova Scotia Offshore Petroleum Resources Accord Implementation Act* to facilitate the sharing of certain revenues accruing from oil and gas activities in the Nova Scotia offshore area with the Province of Nova Scotia. Through statutory provisions of the Act, an amount equal to certain offshore revenues (taxes, royalties and miscellaneous revenues) is credited to this account and subsequent payments to the Province of Nova Scotia are charged thereto.

### Shared-cost agreements—Research—Natural Resources

This account was established to facilitate the retention and disbursement of funds received from private industries and other governments for joint projects or shared-cost research agreements.

### Shared-cost projects—Natural Resources

This account was established to facilitate the retention and disbursement of funds received from private organizations and other governments for cost-sharing scientific projects.

### Security equipment purchases

Funds deposited in this account by licensees are used to provide for payment of purchases of security equipment for the licensees' facilities in accordance with security arrangements mandated pursuant to the *Nuclear Safety and Control Act*.

### Shared-cost projects—Media travel expenses

This account records medias' (non-governmental organizations) reimbursements for travel arrangement services rendered to them.

### Joint research and development projects—Royal Canadian Mounted Police

This account was established to record funds received from other government organizations in order to share costs incurred under various research project agreements.

### Seized assets—Canadian funds

This account was established to record funds seized during the course of investigations and drug seizures under the Criminal Code of Canada, the *Narcotic Control Act*, the *Food and Drug Act*, the *Customs Act* and the *Excise Act*. The funds are held pending Court decisions.

### Credit card—Special project fund

This account was established to record funds received from American Express (AMEX) to improve the Travel Card Program.

### Francophone Summits

This account was established to record funding granted since 1994 by the "Agence intergouvernementale de la Francophonie (Paris)", which changed its name in 2006 to the "Organisation internationale de la Francophonie", for projects involving the development of French and partner languages in order to express scientific and technical modernity.

### Military purchases excess funds deposit

This account was established by a written agreement between Canada and the United States, to record temporarily unused funds paid to the United States Government under contracts for purchases of military equipment. The funds are invested by the Federal Reserve Bank of New York to earn interest for the Government of Canada.

### Shared-cost agreements—Veterans Affairs

This account was established to record transactions relating to share of costs incurred under federal/provincial cost-sharing agreements and funding for research and other projects at Sainte Anne's Hospital.

# SUPPLEMENTARY STATEMENTS

## Canada Pension Plan

### MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Consolidated Financial Statements of the Canada Pension Plan have been prepared in accordance with Canadian public sector accounting standards by the management of Human Resources and Skills Development Canada (the Department).

Management is responsible for the integrity and objectivity of the information in the financial statements, including the amounts which must, of necessity, be based on best estimates and judgement. The financial information presented throughout the Annual Report is consistent with the financial statements.

In support of its responsibilities, management has developed and maintains systems of internal control and supporting procedures. They are designed to provide reasonable assurance that assets are safeguarded, records are properly maintained and that transactions are properly authorized and are in accordance with the *Canada Pension Plan Act*, the *Canada Pension Plan Investment Board Act* and the *Financial Administration Act* and their accompanying regulations. These controls include the establishment of an organizational structure that provides a well defined division of responsibilities and accountability, the selection and training of qualified staff, and the communication of policies and guidelines throughout the organization. Internal controls are reviewed and evaluated by both internal and external auditors in accordance with their respective audits. Management also reviews the recommendations of its internal and external auditors for improvements in internal controls.

The Auditor General of Canada, the external auditor of the Canada Pension Plan, has conducted an independent audit of the consolidated financial statements in accordance with Canadian generally accepted auditing standards and has reported to the Minister of Human Resources and Skills Development.

IAN SHUGART
*Deputy Minister*
*Human Resources and*
*Skills Development Canada*

ALFRED TSANG, CMA
*Chief Financial Officer*
*Human Resources and*
*Skills Development Canada*

Gatineau, Canada
August 31, 2011

## **Canada Pension Plan**—*Continued*

### INDEPENDENT AUDITOR'S REPORT

TO THE MINISTER OF HUMAN RESOURCES AND SKILLS DEVELOPMENT

I have audited the accompanying consolidated financial statements of the Canada Pension Plan, which comprise the consolidated statement of financial position as at 31 March 2011, and the consolidated statement of operations, consolidated statement of changes in financial assets available for benefit payments and consolidated statement of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

*Management's Responsibility for the Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

*Auditor's Responsibility*

My responsibility is to express an opinion on these consolidated financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

*Opinion*

In my opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Canada Pension Plan as at 31 March 2011, and the results of its operations, changes in its financial assets available for benefit payments, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

John Wiersema, FCA
Interim Auditor General of Canada

31 August 2011
Ottawa, Canada

## **Canada Pension Plan**—*Continued*

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31
(in millions of dollars)

| | 2011 | 2010 |
|---|---|---|
| Financial assets | | |
| Cash (Note 3) | 34 | 180 |
| Receivables (Note 4) | 3,737 | 3,989 |
| Investments (Note 6) | 152,933 | 130,477 |
| Amounts receivable from pending trades (Note 6) | 1,085 | 1,118 |
| | 157,789 | 135,764 |
| Liabilities | | |
| Payables and accrued liabilities (Note 8) | 514 | 475 |
| Investment liabilities (Note 6) | 4,046 | 2,519 |
| Amounts payable from pending trades (Note 6) | 1,675 | 1,391 |
| | 6,235 | 4,385 |
| Financial assets available for benefit payments | 151,554 | 131,379 |
| Non-financial assets | | |
| Other assets | 47 | 41 |
| Assets available for benefit payments | 151,601 | 131,420 |

Actuarial obligation in respect of benefits (Note 12)
Commitments (Note 13)
Contingent liabilities (Note 14)
The accompanying notes are an integral part of these consolidated financial statements.

Approved by:

IAN SHUGART
*Deputy Minister*
*Human Resources and*
*Skills Development Canada*

ALFRED TSANG, CMA
*Chief Financial Officer*
*Human Resources and*
*Skills Development Canada*

## Canada Pension Plan—*Continued*

### CONSOLIDATED STATEMENT OF OPERATIONS
### FOR THE YEAR ENDED MARCH 31

(in millions of dollars)

| | Budget 2011 | Actual 2011 | Actual 2010 |
|---|---|---|---|
| | (Note 9) | | |
| Revenues | | | |
| Contributions | 35,773 | 37,069 | 36,276 |
| Net investment income (Note 10) | | | |
| Realized gains | | 2,929 | 7,393 |
| Unrealized gains | | 9,159 | 5,988 |
| Interest income | | 2,246 | 1,742 |
| Dividend income | | 1,428 | 1,304 |
| Other income | | 471 | 406 |
| Transaction costs | | (173) | (148) |
| Investment management fees | | (500) | (466) |
| | 7,340 | 15,560 | 16,219 |
| | 43,113 | 52,629 | 52,495 |
| Expenses | | | |
| Pensions and benefits | | | |
| Retirement | 23,550 | 23,184 | 22,208 |
| Survivor | 3,925 | 3,986 | 3,891 |
| Disability | 3,638 | 3,679 | 3,513 |
| Disabled contributor's child | 293 | 297 | 291 |
| Death | 296 | 269 | 287 |
| Orphan | 223 | 218 | 222 |
| Net overpayments (Note 4) | | (35) | (49) |
| | 31,925 | 31,598 | 30,363 |
| Operating expenses (Note 11) | 741 | 850 | 734 |
| | 32,666 | 32,448 | 31,097 |
| Net increase in assets available for benefit payments | 10,447 | 20,181 | 21,398 |
| Assets available for benefit payments, beginning of year | 131,420 | 131,420 | 110,022 |
| Assets available for benefit payments, end of year | 141,867 | 151,601 | 131,420 |

The accompanying notes are an integral part of these consolidated financial statements.

### CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL ASSETS AVAILABLE FOR BENEFIT PAYMENTS
### FOR THE YEAR ENDED MARCH 31

(in millions of dollars)

| | Budget 2011 | Actual 2011 | Actual 2010 |
|---|---|---|---|
| | (Note 9) | | |
| Net increase in assets available for benefit payments | 10,447 | 20,181 | 21,398 |
| Changes in other assets | | (6) | (3) |
| Increase in financial assets available for benefit payments | 10,447 | 20,175 | 21,395 |
| Financial assets available for benefit payments, beginning of year | 131,379 | 131,379 | 109,984 |
| Financial assets available for benefit payments, end of year | 141,826 | 151,554 | 131,379 |

The accompanying notes are an integral part of these consolidated financial statements.

## Canada Pension Plan—*Continued*

CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE YEAR ENDED MARCH 31
(in millions of dollars)

| | 2011 | 2010 |
|---|---|---|
| Operating activities | | |
| Cash receipts | | |
| Contributions | 37,327 | 37,084 |
| Interest on operating balance | 2 | 1 |
| Cash payments | | |
| Pensions and benefits | (31,604) | (30,365) |
| Operating expenses | (796) | (713) |
| Cash flows from operating activities | 4,929 | 6,007 |
| Financing activities | | |
| Issuance of debt | 10,878 | 9,981 |
| Repayment of debt | (9,777) | (8,602) |
| Payment of interest on debt | (235) | (71) |
| Cash flows from financing activities | 866 | 1,308 |
| Investing activities | | |
| Dividends on investments | 1,328 | 1,206 |
| Interest on investments | 2,722 | 2,089 |
| Other investment income | 378 | 451 |
| Investment management fees | (497) | (435) |
| Transaction costs | (166) | (158) |
| Purchases | | |
| Equities | (70,032) | (63,420) |
| Inflation-sensitive investments | (9,422) | (4,692) |
| Fixed income investments | (25,433) | (20,461) |
| Money market securities and absolute return strategies | (591,808) | (485,209) |
| Other debts | (3,712) | (1,027) |
| Premises and equipment | (21) | (15) |
| Disposals | | |
| Equities | 67,807 | 66,882 |
| Inflation-sensitive investments | 2,864 | 1,705 |
| Fixed income investments | 24,456 | 11,163 |
| Money market securities and absolute return strategies | 593,900 | 484,096 |
| Other debts | 1,695 | 595 |
| Cash flows used in investing activities | (5,941) | (7,230) |
| Net (decrease) increase in cash | (146) | 85 |
| Cash, beginning of year | 180 | 95 |
| Cash, end of year | 34 | 180 |

The accompanying notes are an integral part of these consolidated financial statements.

## **Canada Pension Plan**—*Continued*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2011

1. Authority, objective and responsibilities

*(a)* Description of the Canada Pension Plan

The Canada Pension Plan (CPP) is a federal/provincial plan established by an Act of Parliament in 1965. The CPP is administered by the Government of Canada and the participating provinces.

The CPP began operations in 1966. It is a compulsory and contributory social insurance program operating in all parts of Canada, except Quebec, which operates the Régime de rentes du Québec, a comparable program. The Plan's objective is to provide a measure of protection to workers and their families against the loss of earnings due to retirement, disability or death. The CPP is financed by contributions and investment returns. Employers and employees pay contributions equally to the CPP. Self-employed workers pay the full amount.

The Canada Pension Plan Investment Board (CPPIB) was established pursuant to the *Canada Pension Plan Investment Board Act*. The CPPIB is a federal Crown corporation and all of its shares are owned by Her Majesty the Queen in right of Canada.

The Minister of Human Resources and Skills Development is responsible for the administration of the Canada Pension Plan (under the *CPP* Act); the Minister of National Revenue is responsible for collecting contributions. The Minister of Finance and his provincial counterparts are responsible for setting CPP contribution rates, pension and benefit levels and funding policy. The CPPIB is responsible for managing the amounts that are being transferred under Section 108.1 of the *Canada Pension Plan Act*. It acts in the best interests of the beneficiaries and contributors under the Act.

In accordance with the *CPP* Act, the financial activities of the Canada Pension Plan are recorded in the CPP Account (Note 3). The financial transactions affecting the Account are governed by the *CPP* Act and its regulations. The Plan's investments are held by the CPPIB. The CPPIB's transactions are governed by the *Canada Pension Plan Investment Board Act* and its accompanying regulations. The CPPIB's assets are to be invested with a view to achieving a maximum rate of return without undue risk of loss, with regard to the factors that may affect the funding of the CPP and its ability to meet its financial obligations on any given business day.

The CPPIB and its wholly-owned subsidiaries are exempt from Part I income tax under paragraphs 149(1)(d) and 149 (1)(d.2) of the *Income Tax Act (Canada)* on the basis that all of the shares of the CPPIB and its subsidiaries are owned by Her Majesty the Queen in right of Canada or by a corporation whose shares are owned by Her Majesty the Queen in right of Canada, respectively.

The CPPIB is designed to operate at arm's length from the government. It is required to be accountable to the public, Parliament (through the federal Minister of Finance) and the provinces. It provides regular reports of its activities and the results achieved.

As stated in the CPP and CPPIB Acts, changes to these Acts require the approval of at least two-thirds of the provinces that have, in the aggregate, not less than two-thirds of the population of all included provinces.

*(b)* Pensions and Benefits

*Retirement pensions* – A retirement pension is payable to each contributor at age 60 or older, according to the provisions of the Act. The monthly amount is equal to 25 percent of the contributor's average monthly pensionable earnings during the pensionable period. The amount may be reduced or increased depending upon whether the contributor applies for a retirement pension before or after age 65. This adjustment cannot exceed 30 percent. The maximum new monthly pension payable at age 65 in 2011 is $960.00 (2010 - $934.17).

*Disability benefits* – A disability benefit is payable to a contributor who is disabled, according to the provisions of the Act. The amount of the disability benefit to be paid includes a flat-rate portion and an amount equal to 75 percent of the earned retirement pension. The maximum new monthly disability benefit in 2011 is $1,153.37 (2010 - $1,126.76).

*Survivor's benefits* – AA survivor's benefit is payable to the spouse or common-law partner (the beneficiary) of a deceased contributor, according to the provisions of the Act. For a beneficiary under the age of 65, the benefit consists of a flat-rate portion and an amount equal to 37.5 percent of the deceased contributor's earned retirement pension. A beneficiary between the ages of 35 and 45 who is not disabled or who has no dependent children receives reduced benefits. For beneficiaries aged 65 and over, the benefit is equal to 60 percent of the retirement pension granted to the deceased contributor. The maximum new monthly benefit payable to a beneficiary in 2011 is $576.00 (2010 - $560.50).

*Disabled contributor's child and orphan benefits* – According to the provisions of the Act, each child of a contributor who is receiving disability benefits or a child of a deceased contributor is entitled to a benefit as long as the child is under the age of 18, or is between the ages of 18 and 25 and attending school full-time. The flat-rate monthly benefit in 2011 is $218.50 (2010 - $214.85).

## **Canada Pension Plan**—*Continued*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2011—*Continued*

*Death benefits* – According to the provisions of the Act, a death benefit is a one-time payment to, or on behalf of, the estate of a contributor. The benefit amounts to either 10 percent of the maximum pensionable earnings in the year of death or six times the monthly retirement pension granted to the deceased contributor, whichever is less. The maximum death benefit in 2011 is $2,500 (2010 - $2,500).

*Pensions and benefits indexation* – As required by the Act, pensions and benefits are indexed annually based on the Consumer Price Index for Canada. The rate of indexation for 2011 is 1.7 percent (2010 - 0.4 percent).

2. Significant accounting policies

*(a)* Basis of presentation

These financial statements are presented on a consolidated basis. They include the consolidated statement of financial position, the consolidated statement of operations, the consolidated statement of changes in financial assets available for benefit payments and the consolidated statement of cash flow of the CPP and the CPPIB. These financial statements are prepared in accordance with Canadian public sector accounting standards (PSAS).

The CPP, which is managed by both the Government of Canada and participating provinces, is not considered to be part of the reporting entity of the Government of Canada. Accordingly, its financial activities are not consolidated with those of the Government.

*(b)* Valuation of investments, investment receivables and investment liabilities

Investments, investment receivables and investment liabilities are recorded on a trade-date basis and are stated at fair value. Fair value is an estimate of the amount of the consideration that would be agreed upon in an arm's-length transaction between knowledgeable, willing parties who are under no compulsion to act.

In an active market, fair value is best evidenced by an independent quoted market price. In the absence of an active market, fair value is determined by valuation techniques that make maximum use of inputs observed from markets. These valuation techniques include using recent arm's length market transactions, if available, or current fair value of another investment that is substantially the same, discounted cash flow analysis, option pricing models and other accepted industry valuation methods.

*(c)* Contributions

Contributions include CPP contributions earned for the year. The Canada Revenue Agency (CRA) collects contributions and measures them using the assessment of tax returns. In determining the amount of contributions earned for the year, the CRA considers cash received and contributions assessed, and makes an estimate for contributions related to tax returns not yet assessed. This estimate is subject to review and adjustments. Adjustments, if any, are recorded as contributions in the year they are known.

*(d)* Investment income

Income from investments is recognized on an accrual basis and includes realized gains and losses from investments, changes in unrealized gains and losses on investments, dividend income, interest income and net operating income from private real estate investments. Dividend income is recognized on the ex-dividend date, which is when the CPP's right, through CPPIB, to receive the dividend has been established. Interest income is recognized using the effective interest rate method. Distributions received from limited partnerships and funds are recognized as interest income, dividend income, realized gains and losses from investments or return of capital, as appropriate.

*(e)* Transaction costs

Transaction costs are incremental costs that are directly attributable to the acquisition or disposal of an investment. Transaction costs are expensed as incurred and recorded as a component of net investment income.

*(f)* Investment management fees

Investment management fees are paid to investment managers for externally managed investments. Investment management fees are expensed as incurred and recorded as a component of net investment income.

*(g)* Securities purchased under reverse repurchase agreements

Securities purchased under reverse repurchase agreements represent the purchase of securities effected with a simultaneous agreement to sell them back at a specified price at a specified future date and are accounted for as an investment receivable. These securities are not recognized as an investment of the CPP. The fair value of securities to be resold under these reverse repurchase agreements is monitored and additional collateral is obtained when appropriate to protect against credit exposure. In the event of counterparty default, the CPP, through CPPIB, has the right to liquidate the collateral held. Reverse repurchase agreements are presented at Note 6 at the amounts at which the securities were initially acquired. Interest earned on reverse repurchase agreements is included in investment income (see Note 10).

## Canada Pension Plan—*Continued*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2011—*Continued*

*(h)* Translation of foreign currencies

Transactions denominated in foreign currencies are translated into Canadian dollars at exchange rates prevailing on the transaction date. Investments and other monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at exchange rates prevailing on the year-end date with any resulting foreign exchange gain or loss included in net gain (loss) in net investment income (see Note 10).

*(i)* Pensions and benefits

Pensions and benefits expenses are recorded when payable or reasonably estimated.

*(j)* Tax deductions due to Canada Revenue Agency

Tax deductions due to CRA consist primarily of voluntary and non-resident taxes withheld from pensions and benefit payments to CPP beneficiaries.

*(k)* Net overpayments

Net overpayments are comprised of overpayments of pensions and benefits that were established during the year less remissions of debts granted.

*(l)* Operating expenses

Operating expenses are recorded as incurred.

*(m)* Other claims and legal actions

The CPP records an allowance for claims and legal proceedings when it is likely that there will be a future payment and a reasonable estimate can be made.

*(n)* Measurement uncertainty

The preparation of consolidated financial statements in accordance with Canadian public sector accounting standards (PSAS) requires management to make certain estimates and assumptions that affect the reported values of assets and liabilities as at the date of the financial statements and income and expenses during the reporting period. Significant estimates and judgments are required principally in determining the reported estimated contributions, allowance for doubtful accounts, contingent liabilities, actuarial obligation in respect of benefits and fair values of investments since these determinations include estimates of expected future cash flows, rates of return and the impact of future events. Actual results could differ from those estimates.

*(o)* Future changes in accounting standards

International financial reporting standards

In February 2008, the Canadian Accounting Standards Board (AcSB) confirmed that Canadian Generally Accepted Accounting Principals (GAAP) for publicly accountable enterprises, such as the CPPIB, would be replaced with International Financial Reporting Standards (IFRS), effective for interim and annual periods commencing April 1, 2011.

The International Accounting Standards Board (IASB) is considering a proposal for investment companies to be exempt from the requirement to consolidate investments in controlled entities. To allow the IASB time to complete its consolidation project, the AcSB granted investment companies a deferral of two years to convert to IFRS. The CPPIB will continue to measure and report all of its investments at fair value and will defer the adoption of IFRS until April 1, 2013. Until then, CPPIB will continue to follow Canadian GAAP.

The CPPIB has developed an IFRS conversion plan and has identified the major differences between existing Canadian GAAP and IFRS. As IFRS continues to change, the impact these differences will have on CPPIB's operations, financial position and results of operations is not yet determinable. The CPPIB continues to monitor developments and changes to IFRS and is on schedule to meet the timelines established in its IFRS conversion plan.

The CPP will assess the impact of the CPPIB's change in accounting framework on its consolidated financial statements and will review any restatements made to CPPIB's information.

3. Cash

Cash consists of the total cash held by the CPP Account and the CPPIB. The CPP Account was established in the accounts of Canada by the *CPP* Act to record the contributions, interest, pensions, benefits and operating expenses of the Plan. It also records the amounts transferred to or received from the CPPIB. As at March 31, 2011, the deposit with the Receiver General for Canada in the CPP Account is $23 million (2010 - $175 million) and CPPIB's cash is $11 million (2010 - $5 million) for a total of $34 million (2010 - $180 million).

4. Receivables

Receivables are comprised of the following:

| | 2011 | 2010 |
|---|---|---|
| | (in millions of dollars) | |
| Contributions | 3,595 | 3,854 |
| Régime de rentes du Québec | 104 | 96 |
| Beneficiaries | | |
| Balance of pensions and benefits overpayments | 112 | 111 |
| Allowance for doubtful accounts | (74) | (72) |
| | 3,737 | 3,989 |

## Canada Pension Plan—*Continued*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2011—*Continued*

Contributions receivable represent the estimated amount to be collected from CRA relating to contributions earned at year end and adjusted for tax returns not yet assessed.

The CPP has procedures to detect overpayments. During the year, overpayments totalling $37 million (2010 - $53 million) were established and debts totalling $3 million (2010 - $3 million) were forgiven as per the remission provisions of the *CPP* Act. A further $33 million (2010 - $37 million) was recovered through collection of payments and withholdings from beneficiaries.

5. Investment activities risk management

The CPPIB is exposed to a variety of financial risks as a result of its investment activities. These risks are market risk, credit risk and liquidity risk. The CPPIB manages and mitigates financial risks through the Risk/Return Accountability Framework that is contained within the investment policies approved by the Board of Directors at least once every fiscal year. This framework contains risk limits and risk management provisions that govern investment decisions and has been designed to achieve the mandate of the CPPIB which is to invest its assets with a view to achieving a maximum rate of return, without undue risk of loss, having regard to the factors that may affect the funding of the CPP and the ability of the CPP to meet its financial obligations on any given business day.

Included within the Risk/Return Accountability Framework is an active risk limit that represents a limit on the amount of investment risk that the CPPIB can take relative to the CPP Reference Portfolio. The CPP Reference Portfolio is approved by the Board of Directors and serves as a performance benchmark against which the CPPIB's value-added activities are measured. It represents a low-cost strategic alternative to the CPP Investment Portfolio. The objective of the CPPIB is to create value-added investment returns greater than the returns that would be generated by the CPP Reference Portfolio. The CPPIB monitors the active risk in the CPP Investment Portfolio daily and reports active risk exposures to the Board of Directors at least on a quarterly basis.

*i.* *Market Risk*: Market risk (including currency risk, interest rate risk and equity price risk) is the risk that the fair value or future cash flows of an investment or investment liability will fluctuate because of changes in market prices and rates.

*Currency Risk*: The CPPIB is exposed to currency risk through holdings of investments and/or investment liabilities in various currencies.

In Canadian dollars, the net underlying currency exposures, after allocating foreign currency derivatives, as at March 31, are as follows:

| (in millions of dollars) | 2011 | | 2010 | |
|---|---|---|---|---|
| Currency | Net exposure | % of total | Net exposure | % of total |
| United States Dollar | 42,419 | 54 | 35,121 | 55 |
| Euro | 12,005 | 15 | 9,936 | 15 |
| Japanese Yen | 7,689 | 10 | 5,365 | 8 |
| British Pound Sterling | 4,743 | 6 | 4,430 | 7 |
| Australian Dollar | 4,173 | 5 | 2,345 | 4 |
| Hong Kong Dollar | 1,576 | 2 | 1,537 | 2 |
| Swiss Franc | 834 | 1 | 1,432 | 2 |
| Other | 5,382 | 7 | 4,292 | 7 |
| | 78,821 | 100 | 64,458 | 100 |

*Interest Rate Risk*: Interest rate risk is the risk that the fair value or future cash flows of an investment will fluctuate because of changes in market interest rates.

*Equity Price Risk*: Equity price risk is the risk that the fair value or future cash flows of an investment will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual investment or factors affecting all securities traded in the market.

*ii.* *Credit Risk*: Credit risk is the risk of financial loss due to a counterparty failing to meet its contractual obligations or a reduction in the value of the assets due to a decline in the credit quality of the borrower, counterparty, guarantor or the assets (collateral) supporting the credit exposure. The CPPIB's most significant exposure to credit risk is its investment in debt securities and over-the-counter derivatives (as discussed in Note 6f). The carrying amounts of these investments as presented in Note 6 represent the maximum credit risk exposure at the financial position date.

*iii.* *Liquidity Risk*: Liquidity risk is the risk of being unable to generate sufficient cash or its equivalent in a timely and cost-effective manner to meet investment commitments and investment liabilities as they come due. The CPPIB mitigates liquidity risk through its unsecured credit facilities (see Note 7) available in the amount of

## Canada Pension Plan—*Continued*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2011—*Continued*

$1.5 billion (2010 - $1.5 billion) and the ability to readily dispose of certain investments that are traded in an active market. These include a liquid portfolio of publicly-traded equities, money market securities, marketable bonds and inflation-linked bonds.

The CPPIB is also exposed to liquidity risk through its responsibility for providing cash management services to the CPP (see Note 16). To manage liquidity risk associated with this short-term cash management program, the assets required for this purpose are segregated from the investment portfolio and separately managed as the Cash for Benefits Portfolio. Liquidity risk is also managed by investing these assets in liquid money market instruments with the primary objective of ensuring that the CPP has the necessary liquidity to meet benefit payment obligations on any business day.

6. Investments and investment liabilities

As stated in Note 1, the role of the CPPIB is to invest the assets with a view to achieving a maximum rate of return without undue risk of loss, with regard to the factors that may affect the funding of the CPP and the ability of the CPP to meet its financial obligations on any given business day. To achieve their mandate, the CPPIB has established investment policies in accordance with its regulations. These set out the manner in which their assets shall be invested and their financial risks managed and mitigated through the Risk/Return Accountability Framework. The financial statements of the CPPIB are audited annually by an external firm and are included in their annual report.

The CPPIB's investments are grouped by asset class based on risk/return characteristics of the investment strategies of the underlying portfolios. The investments, before allocating derivative contracts, associated money market securities and other investment receivables and liabilities to the asset classes to which they are related, are as follows:

| | 2011 | 2010 |
|---|---|---|
| | (in millions of dollars) | |
| Equities | | |
| Canada | 10,261 | 9,538 |
| Foreign developed markets | 43,691 | 39,179 |
| Emerging markets | 6,743 | 5,407 |
| Total equities | 60,695 | 54,124 |
| Fixed income | | |
| Bonds | 37,208 | 35,649 |
| Other debts | 6,008 | 3,526 |
| Money market securities | 17,625 | 14,068 |
| Total fixed income | 60,841 | 53,243 |
| Absolute return strategies | 4,464 | 2,871 |
| Inflation-sensitive assets | | |
| Private real estate | 12,829 | 7,982 |
| Infrastructure | 9,404 | 5,821 |
| Inflation-linked bonds | 299 | 904 |
| Total inflation-sensitive assets | 22,532 | 14,707 |
| Investment receivables | | |
| Securities purchased under reverse repurchase agreements | 2,500 | 4,000 |
| Accrued interest | 657 | 594 |
| Derivatives receivables | 1,117 | 760 |
| Dividends receivables | 127 | 178 |
| Total investment receivables | 4,401 | 5,532 |
| Total investments | 152,933 | 130,477 |
| Investment liabilities | | |
| Debt financing liabilities | (1,394) | (1,303) |
| Debt on private real estate properties | (1,969) | (947) |
| Derivatives liabilities | (683) | (269) |
| Total investment liabilities | (4,046) | (2,519) |
| Amounts receivable from pending trades | 1,085 | 1,118 |
| Amounts payable from pending trades | (1,675) | (1,391) |
| Net investments | 148,297 | 127,685 |

## Canada Pension Plan—*Continued*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2011—*Continued*

*(a)* Equities

Equities consist of public and private investments in each of these three markets: Canadian, foreign developed and emerging.

*i.* Public equity investments are made directly or through funds. As at March 31, 2011, public equities include fund investments with a fair value of $2,665 million (2010 - $2,631 million).

*ii.* Private equity investments are generally made directly or through ownership in limited partnership arrangements, which have a typical term of 10 years. The private equity investments represent equity ownerships or investments with the risk and return characteristics of equity. As at March 31, 2011, private equities include direct investments with a fair value of $5,565 million (2010 - $3,997 million).

*(b)* Fixed income

*i.* Bonds consist of marketable and Canadian government non-marketable bonds.

The non-marketable bonds issued by the provinces prior to 1998 have rollover provisions attached to them by the Act, which permit each issuer, at their option, to roll over the bonds on maturity for a further 20-year term at a rate based on capital markets borrowing rates for that province existing at the time of rollover. The non-marketable bonds are also redeemable before maturity at the option of the issuers.

In lieu of exercising its statutory rollover right described in the preceding paragraph, agreements between the CPPIB and the provinces permit each province to repay the bond and concurrently cause the CPPIB to purchase a replacement bond or bonds in a total principal amount not exceeding the principal amount of the maturing security for a term of not less than five years and not greater than 30 years. Such replacement bonds contain rollover provisions that permit the issuer, at its option, to roll over the bond for successive terms of not less than five years and are subject in all cases to the maximum 30 years outside the maturity date. The replacement bonds are also redeemable before maturity at the option of the issuers.

*ii.* Other debt instrument consists of investments in distressed mortgage and private debt funds and direct investments in private debt.

*(c)* Absolute return strategies

Absolute return strategies consist of investments in funds whose objective is to generate positive returns regardless of market conditions, that is, returns with a low correlation to broad market indices. The underlying securities of the funds could include, but are not limited to, equities, fixed income securities and derivatives.

*(d)* Inflation-sensitive assets

*i.* The CPPIB obtains exposure to real estate through direct investments in privately held real estate and real estate funds.

Private real estate investments are held by wholly-owned subsidiaries and are managed on behalf of the CPPIB by investment managers through primarily co-ownership arrangements. As at March 31, 2011, the subsidiary's share of these investments includes assets of $12,829 million (2010 - $7,982 million) and $1,969 million of secured debt (2010 - $947 million). The terms to maturity of the secured debt principal repayments vary from less than a year to more than ten years.

*ii.* Infrastructure investments are generally made directly, but can also occur through limited partnership arrangements that have a typical term of 10 years. As at March 31, 2011, infrastructure includes direct investments with a fair value of $7,899 million (2010 - $4,395 million).

*(e)* Securities purchased under reverse repurchase agreements

The terms to maturity of the securities purchased under reverse repurchase agreements as at March 31, 2011 were all less than a year.

*(f)* Derivative contracts

A derivative is a financial contract, the value of which is derived from the value of underlying assets, indices, interest rates, currency exchange rates or other market-based factors. Derivatives are transacted through regulated exchanges or are negotiated in over-the-counter markets. The CPPIB uses different types of derivative instruments, which include equity contracts, foreign exchange contracts, interest rate contracts and credit contracts.

Notional amounts of derivative contracts represent the contractual amounts to which a rate or price is applied for computing the cash flows to be exchanged. The notional amounts are used to determine the gains/losses

## **Canada Pension Plan**—*Continued*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2011—*Continued*

and fair value of the contracts. They are not recorded as assets or liabilities on the Consolidated Statement of Financial Position. Notional amounts do not necessarily represent the amount of potential market risk or credit risk arising from a derivative contract.

The fair value of these contracts is reported as derivative receivables and derivative liabilities on the schedule of investments included above.

The CPPIB uses derivatives to generate value-added investment returns and to limit or adjust market, credit, interest rate, currency and other financial exposures without directly purchasing or selling the underlying instrument.

*(g)* Debt financing liabilities

The terms to maturity of the undiscounted principal repayments of the debt financing liabilities as at March 31, 2011, are: $857 million (less than 30 days, 2010 - $779 million), $478 million (from 1 to 3 months, 2010 - $333 million) and $61 million (from 3 to 6 months, 2010 - $191 million).

*(h)* Collateral

Collateral transactions are conducted under the terms and conditions that are common and customary to collateral arrangements. The net fair value of collateral held and pledged as at March 31 is as follows:

| | 2011 | 2010 |
|---|---|---|
| | (in millions of dollars) | |
| Fixed income securities held as collateral on reverse repurchase agreements[1] | 7,561 | 4,088 |
| Securities held as collateral on over-the-counter derivative transactions[1] | 135 | |
| Cash held as collateral on over-the-counter derivative transactions | | 68 |
| Securities pledged as collateral on guarantees (see Note 14c) | (132) | (120) |
| | 7,564 | 4,036 |

[1] The total fair value of the collateral held that may be sold or repledged as at March 31, 2011, is $2,588 million (2010 - $3,923 million). The fair value of the securities collateral sold or repledged as at March 31, 2011, is $nil (2010 - $nil).

### 7. Credit facilities

The CPPIB maintains $1.5 billion (2010 - $1.5 billion) of unsecured credit facilities to meet potential liquidity requirements. As at March 31, 2011, the total amount drawn on the credit facilities is $nil (2010 - $nil).

### 8. Payables and accrued liabilities

Payables and accrued liabilities are comprised of the following:

| | 2011 | 2010 |
|---|---|---|
| | (in millions of dollars) | |
| Operation expenses | 130 | 131 |
| Pensions and benefits payable | 231 | 224 |
| Tax deductions due to Canada Revenue Agency | 153 | 120 |
| | 514 | 475 |

### 9. Comparison of results against Budget

The budget amounts included in the Consolidated Statement of Operations and the Consolidated Statement of Change in Financial Assets Available for Benefit Payments are derived from the amounts that were originally budgeted in the Human Resources and Skills Development Canada *2010-2011 Report on Plans and Priorities*, tabled in Parliament in March 2010 and amounts forecasted by the Office of the Superintendent of Financial Institutions.

### 10. Net investment income (loss)

Net investment income is reported net of transaction costs and investment management fees and is grouped by asset class based on the risk/return characteristics of the investment strategies of the underlying portfolios.

Net investment income, after giving effect to derivative contracts and investment receivables and liabilities for the year ended March 31, is as follows:

## **Canada Pension Plan**—*Continued*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2011—*Continued*

(in millions of dollars)

| | 2011 | | | | | |
|---|---|---|---|---|---|---|
| | Investment income (loss) [1] | Net gain on investments [2][3][4] | Total investment income (loss) | Investment management fees | Transaction costs | Net investment income (loss) |
| Equities | | | | | | |
| Canada | 270 | 3,369 | 3,639 | (19) | (14) | 3,606 |
| Foreign developed markets | 946 | 4,658 | 5,604 | (245) | (26) | 5,333 |
| Emerging markets | 133 | 654 | 787 | (29) | (4) | 754 |
| | 1,349 | 8,681 | 10,030 | (293) | (44) | 9,693 |
| Fixed income | | | | | | |
| Bonds | 1,415 | 145 | 1,560 | | | 1,560 |
| Other debt | 240 | 506 | 746 | (15) | (5) | 726 |
| Money market securities [5] | 145 | 1,004 | 1,149 | (109) | (37) | 1,003 |
| Debt financing liabilities | (10) | | (10) | | | (10) |
| | 1,790 | 1,655 | 3,445 | (124) | (42) | 3,279 |
| Inflation-sensitive assets | | | | | | |
| Private real estate | 473 | 894 | 1,367 | (77) | (58) | 1,232 |
| Infrastructure | 378 | 659 | 1,037 | (6) | (29) | 1,002 |
| Inflation-linked bonds | 153 | 199 | 352 | | | 352 |
| | 1,004 | 1,752 | 2,756 | (83) | (87) | 2,586 |
| Interest on operating balance | 2 | | 2 | | | 2 |
| | 4,145 | 12,088 | 16,233 | (500) | (173) | 15,560 |

(in millions of dollars)

| | 2010 | | | | | |
|---|---|---|---|---|---|---|
| | Investment income (loss) [1] | Net gain (loss) on investments [2][3][4] | Total investment income (loss) | Investment management fees | Transaction costs | Net investment income (loss) |
| Equities | | | | | | |
| Canada | 208 | 5,807 | 6,015 | (18) | (23) | 5,974 |
| Foreign developed markets | 884 | 4,960 | 5,844 | (257) | (56) | 5,531 |
| Emerging markets | 116 | 1,984 | 2,100 | (28) | (2) | 2,070 |
| | 1,208 | 12,751 | 13,959 | (303) | (81) | 13,575 |
| Fixed income | | | | | | |
| Bonds | 1,320 | 84 | 1,404 | | | 1,404 |
| Other debt | 124 | 1,337 | 1,461 | (13) | (1) | 1,447 |
| Money market securities [5] | 108 | 385 | 493 | (84) | (7) | 402 |
| Debt financing liabilities | (2) | | (2) | | | (2) |
| | 1,550 | 1,806 | 3,356 | (97) | (8) | 3,251 |
| Inflation-sensitive assets | | | | | | |
| Public real estate | 7 | 95 | 102 | | (1) | 101 |
| Private real estate | 406 | (1,141) | (735) | (60) | (27) | (822) |
| Infrastructure | 267 | (512) | (245) | (6) | (31) | (282) |
| Inflation-linked bonds | 13 | 382 | 395 | | | 395 |
| | 693 | (1,176) | (483) | (66) | (59) | (608) |
| Interest on operating balance | 1 | | 1 | | | 1 |
| | 3,452 | 13,381 | 16,833 | (466) | (148) | 16,219 |

---

[1] Includes interest income, dividends, private real estate operating income (net of interest expense) and interest expense on the debt financing liabilities.

[2] Includes realized gains and losses from investments, unrealized gains and losses on investments held at the end of the year and other investment-related expenses.

[3] Includes foreign exchange losses of $1,403 million (2010 - $10,052 million).

[4] Includes net unrealized gains of $1,307 million (2010 - unrealized losses of $1,257 million), which represents the change in fair value estimated on direct investments in private equities, infrastructure, private real estate, private debt and certain derivatives, where the fair value is derived primarily from assumptions based on non-observable market data.

[5] Includes absolute return strategies.

## Canada Pension Plan—*Continued*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2011—*Continued*

### 11. Operating expenses

| | 2011 | 2010 |
|---|---|---|
| | (in millions of dollars) | |
| General operating expenses | 349 | 321 |
| Salaries and benefits | 470 | 393 |
| Professional and consulting fees | 31 | 20 |
| | 850 | 734 |

### 12. Actuarial obligation in respect of benefits

The CPP is financed by contributions and investment returns. Employers and employees pay contributions equally to the CPP, at a combined rate of 9.9 percent of pensionable earnings, and self-employed workers pay the full amount.

The CPP is managed by both the federal and provincial ministers of finance. The Plan's financial state is reviewed by these ministers every three years, following the receipt of an actuarial valuation report prepared by the Chief Actuary, at which time recommendations can be made as to whether benefits and/or contribution rates should be changed. Actuarial valuation determines the minimum contribution rate, which is the lowest rate sufficient to sustain the Plan. In the event that the projected minimum contribution rate is greater than the legislated contribution rate and no recommendations are made by the federal and provincial finance ministers, the insufficient rates provision in the *CPP* Act applies. This provision would increase the contribution rate for employees, employers and self-employed persons automatically and require the non-indexation of current benefits.

The CPP was initially designed to be financed on a pay-as-you-go basis with a small reserve equivalent to about two years worth of expenditures. This means that the pensions and benefits for one generation would be paid largely from the contributions of later generations. However, in the following three decades since inception, demographics and economic developments, such as lower birth rates, increased life expectancies and lower real wage growth, as well as changes in benefits and an increase in disability claims, led to significantly higher Plan costs.

A major reform of the CPP was undertaken in 1997. The reform package agreed to by the federal and provincial finance ministers included amendments that were put into effect in 1998 to make the CPP financially sustainable by:

- increasing contribution rates over the short term to achieve steady-state funding (i.e. to build a reserve of assets and stabilize the ratio of assets to the following year's expenditures over time);
- reducing the growth of benefits over the long term;
- investing cash flows in the private markets through the establishment of the CPPIB to achieve maximum rate of return without undue risk of loss, and
- introducing incremental full funding for the CPP, such that any new or increased benefits provided under the Plan must be fully funded.

As a result of the 1997 reform, the CPP is considered to be partially funded and operating on a "steady-state" basis i.e. the lowest contribution rate that generally stabilizes the ratio of assets to expenditures over the long term with full funding for new or enhanced benefits. These funding objectives improve fairness and equity across generations and ensure the financial long-term sustainability of the Plan.

The *CPP* Act stipulates that an actuarial report shall be prepared every three years for purposes of the review of the CPP's financial state by the Minister of Finance and his provincial counterparts. The most recent triennial report, the *Twenty-Fifth Actuarial Report* on the CPP as at December 31, 2009, was tabled in Parliament on November 15, 2010. The next triennial actuarial report as at December 31, 2012, is expected to be tabled by December 2013.

In the *Twenty-Fifth Actuarial Report*, the minimum contribution rate required to fund both the steady-state funding (at 9.84 percent) and the incremental full funding (at 0.02 percent before 2023 and 0.01 percent for 2023 and thereafter), was determined to be 9.86 percent of pensionable earnings before 2023 and 9.85 percent from 2023 onward. This report confirms that, on the basis of the assumptions selected, the current legislated combined employer-employee contribution rate of 9.9 percent is and will continue to be sufficient to pay for future expenditures and to accumulate assets worth $275.1 billion (i.e. 4.7 times the following year's annual expenditures) until 2020 when a portion of investment income will be used to pay for benefits. By 2050, 29 percent of investment income will be required to pay for benefits that exceed contributions.

A number of assumptions were used in the *Twenty-Fifth Actuarial Report* for the projections of the Plan's revenue and expenditures over the long projection period of 75 years. These assumptions are actuarial best estimates relating to demographic, economic and other factors such as the ones shown in the table below:

## **Canada Pension Plan**—*Continued*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2011—*Continued*

| | as at 31 December 2009 | | as at 31 December 2006 | |
|---|---|---|---|---|
| | Males | Females | Males | Females |
| Canadian life expectancy | | | | |
| at birth in 2010 (2006 — in 2007) | 85.4 years | 88.3 years | 84.5 years | 87.7 years |
| at age 65 in 2010 (2006 — in 2007) | 20.2 years | 22.6 years | 19.3 years | 22.0 years |
| Retirement rates for cohort at age 60 | 38% (2016+) | 41% (2016+) | 40% (2009+) | 45% (2009+) |
| CPP disability incidence rates (per 1,000 eligible) | 3.3 (2015+) | 3.6 (2015+) | 3.1 (2011+) | 3.5 (2011+) |
| Total fertility rate | 1.65 (2015+) | | 1.6 (2010+) | |
| Net migration rate | 0.58% of population for 2023+ | | 0.54% of population for 2020+ | |
| Participation rate (age group 15-69) | 75.2% (2030+) | | 74.2% (2030+) | |
| Employment rate (age group 15-69) | 70.6% (2030+) | | 69.9% (2030+) | |
| Unemployment rate | 6.1% (2022+) | | 6.3% (2006+) | |
| Rate of increase in prices | 2.3% (2019+) | | 2.5% (2016+) | |
| Real-wage differential | 1.3% (2019+) | | 1.3% (2015+) | |
| Real rate of return | 4.0% (2017+) | | 4.2% (2016+) | |

An independent panel of qualified actuaries reviewed the *Twenty-Fifth Actuarial Report* on the CPP, confirming that the work was performed in accordance with professional standards of practice and that the actuarial methods and assumptions used were reasonable.

A variety of tests were performed to measure the sensitivity of the long-term projected financial position of the Plan to future changes in the demographic and economic environments. Key best-estimate assumptions were varied individually to measure the potential impact on the financial status of the Plan. These tests show that the minimum contribution rate could deviate significantly from its best-estimate of 9.85 percent if other than best-estimate assumptions were to materialize.

The *Twenty-Fifth Actuarial Report* measures the actuarial obligation under two different methodologies, a closed group approach and an open group approach. The closed group includes only current participants of the Plan, with no new entrants permitted and no new benefits accrued. The open group approach, introduced for the first time in the *Twenty-Fifth Actuarial Report* for the CPP, takes into consideration all current and future participants of the Plan, including their future contributions and associated benefits, to determine whether current assets and future contributions will be sufficient to pay for all future expenditures.

The CPP was never intended to be a fully-funded plan. With the current legislated combined contribution rate of 9.9 percent, the table below presents the unfunded obligation and the assets to actuarial obligation ratio under these two methodologies at valuation dates of the current and last actuarial reports:

| | Open Group | Closed Group | Closed Group |
|---|---|---|---|
| | As at December 31, 2009 | | As at December 31, 2006 |
| | (in billions of dollars) | | |
| Actuarial obligation | 1995.0 | 874.8 | 733.5 |
| Assets available for benefit payments | 1988.1 | 126.8 | 113.6 |
| Unfunded obligation | 6.9 | 748.0 | 619.9 |
| Assets to actuarial obligation ratio | 99.7% | 14.5% | 15.5% |

## Canada Pension Plan—*Continued*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2011—*Continued*

According to the *Twenty-Fifth Actuarial Report*, although the relative size of the unfunded obligation under the closed group may be used as a measure of the Plan's financial status, the key financial measure for evaluating the sustainability of the Plan is the adequacy and stability of the steady-state contribution rate over time. Due to the CPP's long-term and enduring nature, if the Plan's sustainability is to be measured based on its unfunded obligation, the open group approach that includes both future contributions and future benefits with respect to both current and future participants provides the more appropriate assessment of the Plan's financial status. Using the open group approach, the Chief Actuary confirms that the Plan is and will continue, on the basis of the assumptions selected, to meet its financial obligations and is sustainable over the 75-year projection period.

The assets available for benefit payments consist of the deposit with the Receiver General for Canada and investments held by the CPPIB. These assets represent funds accumulated for the payment of pensions, benefits and operating expenses. As at March 31, 2011, the value of the Plan's assets available for benefit payments is $151.6 billion (2010 - $131.4 billion). This amount represents approximately 4.6 times the 2012 planned total pension and benefit expenses of $33.2 billion (2010 - 4.2 times). According to the Twenty-Fifth Actuarial Report, the ratio of assets to the following year's expenditures is expected to be at 4.7 times by 2020 and 5.2 times by 2050.

13. Commitments

The CPPIB has committed to enter into commitments related to the funding of investments. These commitments are generally payable on demand based on the funding needs of the investment subject to the terms and conditions of each agreement. As at March 31, 2011, the commitments total $16.3 billion (2010 - $18.0 billion).

As at March 31, 2011, the CPPIB has made lease and other commitments of $37.7 million (2010 - $39.5 million) that will be paid over the next seven years.

14. Contingent liabilities

*(a)* Appeals relating to the payment of pensions and benefits

At March 31, 2011, there were 9 204 (7 449 in 2010) appeals relating to the payment of CPP disability benefits. These contingencies are reasonably estimated, using historical information, at an amount of $73 million ($72 million in 2010), which was recorded as an accrued liability in the CPP 2010-11 financial statements.

*(b)* Other claims and legal proceedings

In the normal course of operations, the CPP is involved in various claims and legal proceedings.

In 2004, medical adjudicators (MAs) filed human rights complaints with the Canadian Human Rights Commission (CHRC) alleging gender discrimination. The complaint was upheld and, in May 2009, the Canadian Human Rights Tribunal (CHRT) ordered that the discriminatory practice be redressed. It also found that the MAs had not established that they had suffered lost wages as a result of the discriminatory practice.

The complainants and the CHRC challenged the CHRT's decision on the lost wages and pain and suffering. The application was allowed by the Federal Court, which set aside the CHRT's decision on compensation for lost wages and compensation for pain and suffering and referred these matters back to a new panel of the CHRT for redetermination.

While the total amount claimed in these actions may be material, their outcomes are not determinable. As such, no allowance was recognized in the financial statements for the 2010-2011 and 2009-2010 fiscal years for these claims and legal proceedings.

*(c)* Guarantees

As part of certain investment transactions, CPPIB has agreed to guarantee, as at March 31, 2011, up to $0.6 billion (2010 - $0.6 billion) to other counterparties in the event certain subsidiaries and other entities default under the terms of loan and other related agreements. To date, the CPPIB has not received any claims nor made any payments pursuant to such guarantees.

*(d)* Indemnifications

The CPPIB provides indemnifications to its officers, directors, certain others and, in certain circumstances, to various counterparties and other entities. The CPPIB may be required to compensate these indemnified parties for costs incurred as a result of various contingencies such as changes in laws and regulations and litigation claims. The contingent nature of the indemnification agreements prevents the CPPIB from making a reasonable estimate of the maximum potential payments the CPPIB could be required to make. To date, the CPPIB has not received any claims nor made any payments pursuant to such indemnifications.

## Canada Pension Plan—*Continued*

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2011—*Continued*

### 15. Related party transactions

As stated in Note 4, the CPP has $3,595 million (2010 - $3,854 million) of contributions receivable from the Canada Revenue Agency.

The CPP enters into transactions with the Government of Canada in the normal course of business, which are recorded at the exchange value. The costs are based on estimated allocations of costs and are charged to the CPP in accordance with various memoranda of understanding.

TRANSACTIONS FOR THE YEAR
(in millions of dollars)

| | 2011 | 2010 |
|---|---|---|
| Pension and benefit delivery, accommodation and corporate services | | |
| Human Resources and Skills Development Canada | 354 | 329 |
| Collection of contributions and investigation services | | |
| Canada Revenue Agency and Royal Canadian Mounted Police | 155 | 154 |
| Cheque issue and computer services | | |
| Public Works and Government Services Canada | 11 | 13 |
| Actuarial services | | |
| Office of the Superintendent of Financial Institutions and Department of Finance | 2 | 2 |
| | 522 | 498 |

### 16. Supplementary information

The administration of the CPP's assets and activities is shared between various Government of Canada (GoC) departments and the CPPIB. The CPPIB is responsible for investing the majority of the CPP's assets, while the GoC through various federal departments, manages the remainder of the assets, as well as the collection of the CPP contributions and the administration and payments of the CPP benefits. For accountability purposes, the following table presents summary information on the levels of assets and liabilities and sources of income and expenses managed by the GoC and the CPPIB respectively.

(in millions of dollars)

| | 2011 | | | 2010 | | |
|---|---|---|---|---|---|---|
| | GoC | CPPIB | Total | GoC | CPPIB | Total |
| Financial assets | 3,760 | 154,029 | 157,789 | 4,164 | 131,600 | 135,764 |
| Non-financial assets | | 47 | 47 | | 41 | 41 |
| Liabilities | 355 | 5,880 | 6,235 | 374 | 4,011 | 4,385 |
| Assets available for benefit payments | 3,405 | 148,196 | 151,601 | 3,790 | 127,630 | 131,420 |
| Income | | | | | | |
| Contributions | 37,069 | | 37,069 | 36,276 | | 36,276 |
| Investment income | 2 | 15,558 | 15,560 | 1 | 16,218 | 16,219 |
| | 37,071 | 15,558 | 52,629 | 36,277 | 16,218 | 52,495 |
| Expenses | | | | | | |
| Pensions and benefits | 31,598 | | 31,598 | 30,363 | | 30,363 |
| Operating expenses | 522 | 328 | 850 | 498 | 236 | 734 |
| | 32,120 | 328 | 32,448 | 30,861 | 236 | 31,097 |
| Increase in assets available benefit payments | 4,951 | 15,230 | 20,181 | 5,416 | 15,982 | 21,398 |

## **Canada Pension Plan**—*Concluded*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2011—*Concluded*

Pursuant to Section 108.1 of the *CPP* Act and the Agreement dated as of April 1, 2004, amounts not required to meet specified obligations of the CPP are transferred weekly to the CPPIB. The funds originate from employer and employee contributions to the CPP and interest income generated from the deposit with the Receiver General.

In September 2004, the CPPIB assumed responsibility for providing cash management services to the CPP, including periodic return, on at least a monthly basis, of funds required to meet CPP pension, benefits and operating expenses obligations.

During the year ended March 31, 2011, a total of $30.9 billion was transferred to the CPPIB and a total of $25.5 billion was returned to the CPP to meet its liquidity requirements.

ACTIVITIES DURING THE YEAR
(in millions of dollars)

| | 2011 | 2010 |
|---|---|---|
| Canada Pension Plan Investment Board | | |
| Accumulated transfers to CPPIB, beginning of year | 212,512 | 182,204 |
| Transfers of funds to CPPIB | 30,851 | 30,308 |
| Accumulated transfers to CPPIB, end of year | 243,363 | 212,512 |
| Accumulated transfers from CPPIB, beginning of year | (109,443) | (85,282) |
| Transfers of funds from CPPIB | (25,515) | (24,161) |
| Accumulated transfers from CPPIB, end of year | (134,958) | (109,443) |
| Net accumulated transfers to CPPIB | 108,405 | 103,069 |

### 17. Comparative information

Certain comparative figures have been reclassified to conform to the current year's presentation.

## Government Annuities Account

### MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The financial statements of the Government Annuities Account have been prepared in accordance with Canadian generally accepted accounting principles, by the management of Human Resources and Skills Development Canada. Management is responsible for the integrity and objectivity of the information in the financial statements, including the amounts which must, of necessity, be based on best estimates and judgment.

In support of its responsibility for the integrity and fairness of the financial statements, management has developed and maintains books of account, financial and management controls, information systems and management practices. These are designed to provide reasonable assurance that transactions comply with relevant authorities, assets are safeguarded and proper records are maintained.

The management of Human Resources and Skills Development Canada recognizes the responsibility of conducting its affairs in compliance with the *Government Annuities Act*, the *Government Annuities Improvement Act* and regulations.

The Auditor General of Canada, the external auditor of the Government Annuities Account, conducts an independent audit of the financial statements in accordance with Canadian generally accepted auditing standards and reports to the Minister of Human Resources and Skills Development.

IAN SHUGART
*Deputy Minister*
*Human Resources and*
*Skills Development Canada*

ALFRED TSANG, CMA
*Chief Financial Officer*
*Human Resources and*
*Skills Development Canada*

Gatineau, Canada
August 31, 2011

## **Government Annuities Account**—*Continued*

### REPORT OF THE ACTUARY

The Office of the Chief Actuary, Office of the Superintendent of Financial Institutions Canada, was given the mandate of performing the annual actuarial valuation of the Government Annuities Account (the "Account") as at 31 March 2011. The purpose of this valuation was to determine the actuarial liabilities and financial position of the Account as at 31 March 2011. The results of the valuation are included in the Account's statement of financial position, statement of changes in net assets available for benefits, and statement of changes in pension obligations for the year then ended.

The valuation of the Account's actuarial liabilities and financial position was based on:

- membership data as at 31 March 2011 provided by Human Resources and Skills Development Canada (HRSDC) and Service Canada;
- asset data provided by HRSDC; and
- assumptions as prescribed by the *Government Annuities Regulations*, that is, mortality rates from the Annuity Table for 1983, for individual and group annuities, as modified by Projection Scale G published by the Society of Actuaries, and a seven percent annual interest rate.

The Account's assets are notional and in the form of a deposit with the Receiver General for Canada. Therefore, actuarial liabilities are based on the present value of future payments discounted at the prescribed interest rate. Since administrative expenses are paid by the government out of general funds, no provision for expenses is made in the valuation. This valuation contains no added margins for adverse deviation.

In our opinion, considering that the valuation was prepared pursuant to the *Government Annuities Act* and the *Government Annuities Improvement Act*:

- the data on which our valuation is based are sufficient and reliable for the purpose of the valuation;
- the assumptions used comply with legislative requirements and are, in aggregate, reasonable and appropriate;
- the methodology employed is appropriate and consistent with sound actuarial principles; and
- the actuarial valuation is appropriate, it conforms to statutory requirements and the financial statements fairly present its results.

Our valuation has been prepared, and our opinions given, in accordance with accepted actuarial practice in Canada. The next valuation will be performed as at 31 March 2012.

Michel Millette
Senior Actuary
Fellow of the Canadian Institute of Actuaries
Office of the Chief Actuary

Assia Billig
Actuary
Fellow of the Canadian Institute of Actuaries
Office of the Chief Actuary

Mathieu Désy
Actuarial Officer
Fellow of the Canadian Institute of Actuaries
Office of the Chief Actuary

Office of the Superintendent of Financial Institutions Canada
Ottawa, Canada
30 August 2011

## Government Annuities Account—*Continued*

INDEPENDENT AUDITOR'S REPORT

TO THE MINISTER OF HUMAN RESOURCES AND SKILLS DEVELOPMENT

### Report on the Financial Statements

I have audited the accompanying financial statements of the Government Annuities Account, which comprise the statement of financial position as at 31 March 2011, and the statement of changes in net assets available for benefits and the statement of changes in pension obligations for the year then ended, and a summary of significant accounting policies and other explanatory information.

*Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

*Auditor's Responsibility*

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

*Opinion*

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Government Annuities Account as at 31 March 2011, and the changes in its net assets available for benefits and the changes in its pension obligations for the year then ended in accordance with Canadian generally accepted accounting principles.

### Report on Other Legal and Regulatory Requirements

In my opinion, the transactions of the Government Annuities Account that have come to my notice during my audit of the financial statements have, in all significant respects, been in accordance with the Government Annuities Improvement Act, the Government Annuities Act and regulations.

Heather McManaman, CA
Principal
for the Interim Auditor General of Canada

31 August 2011
Halifax, Canada

STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31
(in thousands of dollars)

| | 2011 | 2010 |
|---|---|---|
| Assets | | |
| Deposit with Receiver General for Canada (Note 4) | 207,784 | 228,646 |
| Accrued interest due from Canada | 15,689 | 17,239 |
| Accounts receivable | 76 | 82 |
| | 223,549 | 245,967 |
| Liability | | |
| Actuarial surplus due to Canada | 2,209 | 2,511 |
| Net assets available for benefits | 221,340 | 243,456 |
| Pension obligations | | |
| Actuarial present value of accrued benefits (Note 5) | 221,340 | 243,456 |

The accompanying notes are an integral part of these financial statements.

Approved by:

IAN SHUGART
*Deputy Minister*
*Human Resources and*
*Skills Development Canada*

ALFRED TSANG, CMA
*Chief Financial Officer*
*Human Resources and*
*Skills Development Canada*

## **Government Annuities Account**—*Continued*

### STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS FOR THE YEAR ENDED MARCH 31

(in thousands of dollars)

| | 2011 | 2010 |
|---|---|---|
| Increase in assets | | |
| Interest from Canada (Note 4) | 15,689 | 17,239 |
| Premiums (Note 4) | 11 | 18 |
| Reclaimed annuities recovered from Consolidated Revenue Fund | 29 | 88 |
| | 15,729 | 17,345 |
| Decrease in assets | | |
| Annuity payments | 35,522 | 38,380 |
| Premium refunds | 54 | 66 |
| Unclaimed annuities transferred to Consolidated Revenue Fund | 60 | 105 |
| Actuarial surplus due to Canada | 2,209 | 2,511 |
| | 37,845 | 41,062 |
| Services received without charge (Note 2(g)) | 2,231 | 2,084 |
| Services contributed by Human Resources and Skills Development Canada (Note 2(g)) | (2,231) | (2,084) |
| Decrease in net assets | 22,116 | 23,717 |
| Net assets available for benefits at beginning of year | 243,456 | 267,173 |
| Net assets available for benefits at end of year | 221,340 | 243,456 |

The accompanying notes are an integral part of these financial statements.

### STATEMENT OF CHANGES IN PENSION OBLIGATIONS FOR THE YEAR ENDED MARCH 31

(in thousands of dollars)

| | 2011 | 2010 |
|---|---|---|
| Actuarial present value of accrued benefits at beginning of the year | (243,456) | (267,173) |
| Interest and other income | (15,729) | (17,345) |
| Benefits paid | 35,636 | 38,551 |
| Experience gains | 2,209 | 2,511 |
| Actuarial present value of accrued benefits at end of the year | (221,340) | (243,456) |

The accompanying notes are an integral part of these financial statements.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2011

1. Authority, Objective and Responsibilities

The Government Annuities Account (the Account) was established in 1908 by the *Government Annuities Act*, as modified by the *Government Annuities Improvement Act*.

The purpose of the *Government Annuities Act* was to assist individuals and groups of Canadians to prepare financially for their retirement by purchasing Government Annuities. In 1975, the *Government Annuities Improvement Act* discontinued future sales of Government Annuity contracts. Annuities are deferred until their maturity date, at which time payments to annuitants begin.

The Account is administered by Human Resources and Skills Development Canada (HRSDC) and operates through the Consolidated Revenue Fund.

2. Significant Accounting Policies

*(a)* Basis of presentation

The financial statements of the Account are prepared in accordance with Canadian generally accepted accounting principles.

*(b)* Actuarial present value of accrued benefits

The method utilized to calculate the actuarial present value of accrued benefits is in accordance with the *Government Annuities Act*, *Government Annuities Improvement Act* and regulations.

Actuarial present value of accrued benefits comprise, in respect of deferred and matured annuities, the present value of such annuities actuarially determined on the basis of such rate or rates of interest and mortality tables as is prescribed.

*(c)* Actuarial surplus/deficit

At the end of any fiscal year, the recorded amount of actuarial present value of accrued benefits may be different than the amount of actuarial liabilities determined by the actuary. The difference is recorded as an actuarial surplus or deficit, which is remitted to or recovered from the Consolidated Revenue Fund.

*(d)* Interest from Canada

Interest from Canada is recorded on an accrual basis and is calculated on actuarial present value of accrued benefits as prescribed by the *Government Annuities Improvement Act* and the *Government Annuities Regulations*.

*(e)* Unclaimed annuities

Unclaimed annuities represent amounts transferred to the Consolidated Revenue Fund in respect of annuities that could not be paid because the annuitants could not be located.

## **Government Annuities Account**—*Continued*

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2011—*Continued*

*(f)* Reclaimed annuities

Reclaimed annuities represent previously unclaimed amounts that had been transferred to the Consolidated Revenue Fund. Where the annuitants are subsequently located, the actuarial value of these annuities is transferred back to the Account.

*(g)* Services received without charge

Administrative services, including actuarial services, received without charge from Human Resources and Skills Development Canada are recorded in the statement of changes in net assets available for benefits at their estimated carrying amount. A corresponding amount is credited directly to the statement of changes in net assets available for benefits.

*(h)* Measurement uncertainty

The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amount of assets, actuarial present value of accrued benefits, and income at the date of the financial statements. Despite the use of management's best estimates, it is possible that the amounts for the actuarial present value of accrued benefits and related accounts could change materially in the near term.

3. Future Accounting Standards

Section 4600 Pension Plans and International Financial Reporting Standards (IFRS)

The Account's financial statements are prepared in accordance with Canadian generally accepted accounting principles, largely based on Section 4100 Pension Plans. In April 2010, the Accounting Standards Board issued Section 4600 Pension Plans to replace Section 4100 for annual financial statements relating to fiscal years beginning on or after January 1, 2011. Section 4100 continues to be applied until Section 4600 takes effect. Section 4600 provides standards for the accounting and disclosure of investments or pension obligations of a pension plan. Section 4600 also requires pension plans of publicly accountable enterprises to follow IFRS to the extent that those standards do not conflict with the requirements of Section 4600. Consequently, a pension plan of a publicly accountable enterprise may apply IFRS in selecting accounting policies other than policies of the plan that relate to its investments or pension obligations.

The management of Human Resources and Skills Development Canada assessed the impact of applying Section 4600. When requirements between Sections 4100 and 4600 were similar, the presentation of the Account's financial statements was modified to comply with the Section 4600. Management will assess the impact of applying IFRS on the Account's financial statements that are effective for the fiscal year commencing April 1, 2011.

4. Premiums deposited with Receiver General for Canada

Premiums are deposited with the Receiver General for Canada. This deposit earns interest at a rate of seven percent in accordance with the *Government Annuities Improvement Act* and the *Government Annuities Regulations*. Due to the short-term nature, the carrying value of the deposit with the Receiver General for Canada approximates its fair value.

5. Actuarial Present Value of Accrued Benefits

The *Government Annuities Improvement Act* and *Government Annuities Regulations* prescribe the basis upon which actuarial values are to be determined. The regulations require the discounting of expected future payments using an annual interest rate of seven percent. Future payments are to be estimated using the mortality rates from the 1983 mortality tables published by the Society of Actuaries, for individual and group annuities respectively, modified by Projection Scale G. The Senior Actuary has indicated that the assumptions used to assess the actuarial liabilities of the Account comply with legislative requirements and are, in aggregate, reasonable and appropriate.

| | (in thousands of dollars) | |
|---|---|---|
| | 2011 | 2010 |
| Actuarial present value of accrued benefits is comprised of: | | |
| Deferred annuities, present value | 10,653 | 11,696 |
| Matured annuities, present value | 210,687 | 231,760 |
| | 221,340 | 243,456 |

6. Financial Instruments

The Account's financial instruments include the deposit with Receiver General for Canada and actuarial surplus due to Canada. The carrying value of these financial instruments approximates their fair value.

## **Government Annuities Account**—*Concluded*

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2011—*Concluded*

7. Financial Risk Management

The Account is not exposed to any significant market risk, liquidity risk or credit risk from its use of financial instruments.

8. Capital Management

The Account does not manage capital as all deposits and withdrawals to the Account are made to the Consolidated Revenue Fund (CRF) and returns on deposits are legislated through the *Government Annuities Improvement Act*. In addition, any deficit or surplus in the Account is charged or credited to the CRF.

The Account is valued on an actuarial basis each year, with the objective of reporting the present value of the deferred and matured annuities to the Government of Canada to ensure the Account is sufficiently funded.

The Account has no externally imposed restrictions on capital. There has been no change in the Account's approach to capital management over the prior year.

9. Respective Roles of the Valuation Actuary and of the Auditor

In accordance with the Joint Policy Statement of the Canadian Institute of Chartered Accountants and the Canadian Institute of Actuaries, dated October 2007, it is appropriate to include a description of the respective roles of the actuary and of the auditor with respect to the financial statements. Their respective roles are as follows:

The Senior Actuary determines and reports on the amount of actuarial present value of accrued benefits for annuity contracts issued under the *Government Annuities Act*, as shown in the financial statements. This valuation is conducted in accordance with accepted actuarial principles, as adapted to the circumstances of the Account. The Senior Actuary also ensures that the method used to calculate the actuarial present value of accrued benefits is in accordance with the *Government Annuities Improvement Act* and *Government Annuities Regulations*. The Office of the Chief Actuary, Office of the Superintendent of Financial Institutions Canada, has the mandate of performing the annual actuarial valuation of the Account as of March 31, 2011. The prior valuations were performed by the Actuarial and Geomatic Directorate, HRSDC.

The Auditor General of Canada expresses an opinion on the fair presentation of the financial statements prepared by management in accordance with Canadian generally accepted accounting principles. The Auditor General of Canada also expresses an opinion on whether the transactions that come to the auditor's attention are, in all significant respects, in accordance with the *Government Annuities Act*, the *Government Annuities Improvement Act* and regulations. The audit is conducted in accordance with Canadian generally accepted auditing standards issued by the Canadian Institute of Chartered Accountants.

10. Related Party Transactions

The Account is related in terms of common ownership to all Government of Canada created departments, agencies and Crown corporations.

11. Revision of the Presentation of the Financial Statements

The presentation of the financial statements was revised this year to provide more useful information on the Account's financial position, changes in net assets available for benefits and changes in pension obligations. Comparative figures have been reclassified to conform with the current year presentation.

## Royal Canadian Mounted Police (Dependants) Pension Fund

### MANAGEMENT RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of the Royal Canadian Mounted Police (Dependants) Pension Fund is responsible for the preparation of the financial statements. These financial statements have been prepared in accordance with Canadian generally accepted accounting principles. They include management's best estimates and judgments when appropriate.

Responsibility for the integrity and objectivity of the financial statements rests with the management of the Royal Canadian Mounted Police (Dependants) Pension Fund. In support of its responsibility, management has developed and maintained books, records, internal controls and management practices, designed to provide reasonable assurance as to the reliability of the financial information, that assets are safeguarded and controlled, and that transactions of the Royal Canadian Mounted Police (Dependants) Pension Fund are in accordance with the applicable provisions of the *Financial Administration Act* and the *Royal Canadian Mounted Police Pension Continuation Act* and regulations.

These financial statements have been audited by the Auditor General of Canada, the independent auditor for the Government of Canada.

Approved by:

WILLIAM J. S. ELLIOTT
*Commissioner*

ALAIN P. SÉGUIN
*Chief Financial and*
*Administrative Officer*

July 25, 2011

## Royal Canadian Mounted Police (Dependants) Pension Fund—*Continued*

INDEPENDENT AUDITOR'S REPORT

TO THE MINISTER OF PUBLIC SAFETY

### Report on the Financial Statements

I have audited the accompanying financial statements of the Royal Canadian Mounted Police (Dependants) Pension Fund, which comprise the statement of net assets available for benefits and excess of net assets available for benefits over actuarial present value of accrued pension benefits as at 31 March 2011, and the statement of changes in net assets available for benefits and statement of changes in accrued pension benefits for the year then ended, and a summary of significant accounting policies and other explanatory information.

*Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

*Auditor's Responsibility*

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

*Opinion*

In my opinion, the financial statements present fairly, in all material respects, the net assets available for benefits and excess of net assets available for benefits over actuarial present value of accrued pension benefits of the Royal Canadian Mounted Police (Dependants) Pension Fund as at 31 March 2011, and the changes in its net assets available for benefits and changes in its accrued pension benefits for the year then ended in accordance with Canadian generally accepted accounting principles.

### Report on Other Legal and Regulatory Requirements

As required by the *Financial Administration Act*, I report that, in my opinion, Canadian generally accepted accounting principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, the transactions of the Royal Canadian Mounted Police (Dependants) Pension Fund that have come to my notice during my audit of the financial statements have, in all significant respects, been in accordance with the applicable provisions of the *Financial Administration Act*, and the *Royal Canadian Mounted Police Pension Continuation Act* and regulations.

Louise Bertrand, CA
Principal
for the Interim Auditor General of Canada

July 25, 2011
Ottawa, Canada

## Royal Canadian Mounted Police (Dependants) Pension Fund—*Continued*

### STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS AND EXCESS OF NET ASSETS AVAILABLE FOR BENEFITS OVER ACTUARIAL PRESENT VALUE OF ACCRUED PENSION BENEFITS
### AS AT MARCH 31

| | 2011 | 2010 |
|---|---|---|
| | $ | $ |
| Assets | | |
| Due from the Consolidated Revenue Fund | 26,090,424 | 27,049,733 |
| Liabilities | | |
| Pension benefits payable | 793,278 | 77,464 |
| Net assets available for benefits | 25,297,146 | 26,972,269 |
| Actuarial present value of accrued pension benefits (Note 3) | 23,591,078 | 23,907,000 |
| Excess of net assets available for benefits over actuarial present value of accrued pension benefits | 1,706,068 | 3,065,269 |

The accompanying notes are an integral part of these financial statements.

Approved by:

WILLIAM J.S. ELLIOTT
*Commissioner*

ALAIN P. SÉGUIN
*Chief Financial and Administrative Officer*

July 25, 2011

### STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
### YEAR ENDED MARCH 31

| | 2011 | 2010 |
|---|---|---|
| | $ | $ |
| Net assets available for benefits, beginning of year | 26,972,269 | 27,831,547 |
| Increase in net assets: | | |
| Interest income on amount due from the Consolidated Revenue Fund | 1,683,870 | 1,809,668 |
| Contributions | 4,929 | 5,342 |
| Total increase in net assets | 1,688,799 | 1,815,010 |
| Decrease in net assets: | | |
| Benefit payments | (3,363,922) | (2,674,288) |
| Decrease in net assets | (1,675,123) | (859,278) |
| Net assets available for benefits, end of year | 25,297,146 | 26,972,269 |

The accompanying notes are an integral part of these financial statements.

### STATEMENT OF CHANGES IN ACCRUED PENSION BENEFITS
### YEAR ENDED MARCH 31

| | 2011 | 2010 |
|---|---|---|
| | $ | $ |
| Actuarial present value of accrued pension benefits, beginning of year | 23,907,000 | 24,956,000 |
| Net interest accrued on benefits | 1,567,000 | 1,620,000 |
| Valuation data updates | (425,000) | |
| Experience gains and losses | 400,000 | |
| Changes in actuarial assumptions | 425,000 | |
| Benefit increases | 1,076,000 | |
| Contributions from participants (instalment payments) | 5,000 | 5,000 |
| Benefit payments | (3,363,922) | (2,674,000) |
| Actuarial present value of accrued pension benefits, end of year | 23,591,078 | 23,907,000 |

The accompanying notes are an integral part of these financial statements.

### NOTES TO THE FINANCIAL STATEMENTS
### YEAR ENDED MARCH 31

### 1. Description of the Fund

The following summary description of the Royal Canadian Mounted Police (Dependants) Pension Fund (the Fund) is for general information only. For more complete information, reference should be made to the *Royal Canadian Mounted Police Pension Continuation Act* (the *Act*). All monetary transactions of the Fund are made through a specified purpose account in the Consolidated Revenue Fund (CRF).

*(a)* General

The Royal Canadian Mounted Police (Dependants) Pension Fund was established in 1934 pursuant to the *Royal Canadian Mounted Police Act* and is currently operated under Part IV of the *Royal Canadian Mounted Police Pension Continuation Act* (effective 1959) and the related Regulations.

The *Act* provides for members of the Force, other than commissioned officers, appointed before March 1, 1949, to purchase certain survivorship benefits for their dependants by payment of specified contributions.

The Fund is accounted for using the standards applicable to a defined benefit pension plan.

## Royal Canadian Mounted Police (Dependants) Pension Fund—*Continued*

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31—*Continued*

*(b)* Funding policy

All eligible members have now retired and, as such, there are no more active members contributing to the Fund; however, retired members may continue to make instalment payments in respect of previous elections made before their retirement.

The *Act* directs the Minister of Finance to have an actuarial valuation of the Fund prepared at least every five years. If the actuarial valuation discloses a surplus, the Governor in Council may, by order, increase the benefit payments. If there is an actuarial deficiency, the Governor in Council may direct that there be amounts transferred to the Fund, out of any unappropriated moneys in the CRF, as may be required to re establish the solvency of the Fund.

*(c)* Interest income

The Government of Canada credits the Fund with interest computed quarterly on the amount due from the Consolidated Revenue Fund at the end of the preceding quarter. The rate of interest is determined by the Minister of Finance on a quarterly basis and is equal to the rate used in other government Superannuation accounts. The rate is calculated as though the amounts recorded were invested in a notional portfolio of Government of Canada 20 year bonds held to maturity.

*(d)* Basic death benefits

The following benefits, as applicable, are payable on the death of a member who has made the scheduled contributions and has left them in the Fund.

*i.* Widow's pension benefit

The widow is entitled to the pension purchased by the member. In many cases the pension benefit equals approximately 1.5 percent of the member's final pension benefit payment multiplied by his years of credited service. The pension benefit is payable for life with a guarantee that the total payments shall be no less than the member's contributions.

*ii.* Eligible children's annuities

An annuity, not exceeding 7 percent of the member's final pension payment, is payable to each surviving child eligible in accordance with the provisions of the *Act* at that time. If there is no surviving widow or if the widow dies before the child's annuity ceases, the amount of the annuity doubles.

*iii.* Lump sum benefits

If a member is not survived by a widow, a lump sum payment is made to the dependants and relatives of the member who are, in the opinion of the Minister, best entitled to share the benefit. This lump sum shall be equal in value to a pension for female aged 20 years older than the deceased member at death but not exceeding 75 years.

*iv.* Benefit limitations

Under certain circumstances, the basic death benefits payable to a surviving widow are reduced. This can occur when a member marries after age 60; in that case, the value of the pension to the widow cannot exceed the lump sum payable if he were not survived by a widow.

*(e)* Dividends on death benefits

The *Act* provides that if the Fund is substantially in excess of the amount required to make adequate provision for the prospective payments, the Governor in Council may, by order, increase the benefits provided under Part IV of the *Act* in such manner as may appear equitable and expedient. The authority of the Governor in Council is delegated to the Treasury Board under section 7(2) of the *Financial Administration Act*.

To date, most of these benefit increases have taken the form of proportionate dividends applied to all basic death benefits, both accrued and prospective.

*(f)* Withdrawal of contributions

A retired member who did not elect to withdraw his contributions from the Fund upon retirement retains the right to do so at any time thereafter; however, all his rights under Part IV of the *Act* and those of his dependants shall cease upon such election. All returns of contributions are made without interest.

2. Significant accounting policies

The financial statements present the aggregate financial position of the Fund as a separate financial reporting entity independent of the sponsor and Fund members. They are prepared to assist Fund members and others in reviewing the activities of the Fund for the fiscal period but they do not portray the funding requirements of the Fund.

These financial statements are prepared in accordance with Canadian generally accepted accounting principles on a going concern basis. The significant accounting policies are:

*(a)* Interest Income on the Amount Due from the Consolidated Revenue Fund

Interest on the amount due from the Consolidated Revenue Fund is recognized on an accrual basis.

## **Royal Canadian Mounted Police (Dependants) Pension Fund**—*Continued*

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31—*Continued*

*(b)* Benefit payments

Benefits are accrued as pensionable service accumulates and are recognized as a reduction of Actuarial Present Value of Accrued Pension Benefits and Net Assets Available for Benefits upon the death of a member who has made the scheduled contributions and has left them in the Fund.

*(c)* Services provided without charge and related party transactions

The Fund does not record the value of administrative services it receives without charge from various government departments and agencies as they are insignificant in the context of the financial statements taken as a whole. These services include the following:

—Financial management and other support services from the Royal Canadian Mounted Police;

—Actuarial valuation and other services from the Office of the Superintendent of Financial Institutions;

—Cheques issued from Public Works and Government Services Canada; and

—Office of the Auditor General audit costs.

*(d)* Use of estimates

In preparing these financial statements, management uses estimates and assumptions that primarily affect the reported values of the liabilities. Significant estimates are used primarily in the determination of accrued pension benefits which have been disclosed in Note 3.

*(e)* Future accounting policy change

The Fund's financial statements are prepared in accordance with Canadian generally accepted accounting principles, largely based on Section 4100 Pension Plans. In April 2010, the Canadian Institute of Chartered Accountants issued Section 4600 Pension Plans to replace Section 4100 for annual financial statements relating to fiscal years beginning on or after January 1, 2011. Section 4100 continues to be applied until Section 4600 takes effect. The revised Section 4600 provides standards for the accounting and disclosure of investments or pension obligations of a pension plan. Section 4600 also requires pension plans to follow International Financial Reporting Standards (IFRS) to the extent that those standards do not conflict with the requirements of Section 4600. Consequently, a pension plan may apply IFRS in selecting accounting policies other than policies of the plan that relate to its investments or pension obligations.

The Fund will assess the impact of the adoption of these changes on its financial statements that are effective for the fiscal year commencing April 1, 2011.

3. Actuarial present value of accrued pension benefits

The most recent statutory actuarial valuation was performed as at March 31, 2010 by the Office of the Superintendent of Financial Institutions. The valuation disclosed an actuarial surplus of $2,665,000. In a decision dated June 9, 2011, the Treasury Board approved that a portion of this surplus will be distributed by annual effective increases in the pension amount of 2.0 percent as at April 1, 2011, 2.0 percent as at April 1, 2012 and 2.0 percent as at April 1, 2013 and by increases to lump sum death benefits and residual payments. The cumulative increase to the basic pension amount is 1,173 percent effective April 1, 2011, 1,198 percent effective April 1, 2012, and 1,224 percent effective April 1, 2013.

The remaining balance of the actuarial surplus is intended to be used over the remaining life of the Fund for the payment of increases in the pension benefits. The average ages of members and widows were both estimated to be 86 years and the remaining lifetime of the Fund was estimated at 27 years as at March 31, 2010.

The obligations for pension benefits are determined on an actuarial basis and incorporate the actuary's best estimates of future Fund yields, mortality rates, proportion of members married, and age of new widows.

The current Fund yield of 6.58 percent per annum (6.83 percent in 2010) is consistent with the estimated yield (6.52 percent) used for the immediate future in the actuarial valuation. The expected long term Fund yield is estimated to decline to 4.81 percent per annum by the year 2024 and to rise to the ultimate level of 5.20 percent by 2032. Variations in any of these assumptions can result in a significantly higher, or lower, estimate of the liability.

An interim valuation was performed as at March 31, 2011, to estimate the actuarial present value of accrued pension benefits and the principal components of change in the actuarial present value during the plan year.

4. Financial instruments

The financial instruments of the Fund include the amount due from the Consolidated Revenue Fund. The carrying value of the amount due from the Consolidated Revenue Fund approximates fair value due to its short term nature.

## Royal Canadian Mounted Police (Dependants) Pension Fund—*Concluded*

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31—*Concluded*

5. Capital management

The primary objective with respect to capital management is to ensure that the Fund has adequate capital to meet its obligations to all current Fund members and their survivors.

The Fund is not subject to any externally imposed capital requirements and the surpluses or deficits are determined regularly by an actuarial valuation that is prepared by an independent actuary and considered as the Fund's capital.

The actuary's valuation is used to measure the long-term health of the Fund. The actuary tests the Fund's ability to meet its obligations to all current Fund members and their survivors.

Using an assumed rate of return, the actuary projects the Fund's benefits to estimate the current value of the liability (see note 3), which is compared to the Fund's asset (due from the CRF) and the future contributions for all current Fund members. The result of the comparison is either a surplus or a deficit. In either case, the funding policy as described in Note 1 (b) will be used to ensure that the capital of the Fund is maintained.

There have been no changes to the capital management policy of the Fund.

6. Financial risk management

The Fund is not exposed to any significant market risk, liquidity risk, or credit risk from its use of financial instruments. Accordingly, the Fund has not provided a market risk sensitivity analysis.

7. Comparative figures

Certain comparative figures have been reclassified to conform to the current year's presentation.

# SECTION 7

**2010-2011**

*PUBLIC ACCOUNTS OF CANADA*

# Cash and Accounts Receivable

## CONTENTS

*Page*

Cash and cash equivalents .............................. 7.2
Taxes receivable .............................. 7.3
Other accounts receivable .............................. 7.4

# CASH AND ACCOUNTS RECEIVABLE

This section contains information on accounts reported on the Statement of Financial Position under "Cash and Accounts Receivable".

Table 7.1 presents the year-end balances of cash and accounts receivable by category.

## TABLE 7.1

CASH AND ACCOUNTS RECEIVABLE

| | March 31/2011 | March 31/2010 |
|---|---|---|
| | $ | $ |
| Cash and cash equivalents, Table 7.2 | 14,322,602,233 | 28,450,328,245 |
| Taxes receivable, Table 7.3 | 78,626,173,166 | 69,062,455,926 |
| Other accounts receivable, Table 7.5 | 3,958,721,889 | 3,692,188,232 |
| Total cash and accounts receivable | 96,907,497,288 | 101,204,972,403 |

## Cash and Cash Equivalents

Cash consists of public moneys on deposit and cash in transit at March 31$^{st}$. Cash in bank consists of public moneys on deposit to the credit of the Receiver General for Canada, with the Bank of Canada, chartered banks and other financial institutions. Cash in transit consists of public moneys received by public officers prior to April 1, but not deposited by that date as well as cash held by consolidated Crown corporations and other entities. Outstanding cheques and warrants are deducted to arrive at the closing cash balance.

Cash equivalents consist mainly of term deposits resulting from auctions administered by the Bank of Canada and the Department of Finance on behalf of the Minister of Finance. The short term deposits, denominated in Canadian dollars, are made from a portion of the daily surplus of cash balance and have a short term maturity, usually not exceeding 31 calendar days.

Table 7.2 presents a summary of the cash and cash equivalents.

## TABLE 7.2

CASH AND CASH EQUIVALENTS

| | March 31/2011 | March 31/2010 |
|---|---|---|
| | $ | $ |
| Cash in bank— | | |
| Canadian currency | 944,887,775 | 13,668,147,862 |
| Foreign currencies(1) | 420,833,782 | 326,355,184 |
| Special deposits(2) | 50,000,000 | 50,000,000 |
| Total cash in bank | 1,415,721,557 | 14,044,503,046 |
| Cash in transit— | | |
| Cash in hands of collectors and in transit | 9,134,506,533 | 7,359,138,663 |
| Other cash—Consolidated Crown corporations and other entities(3) | 526,391,000 | 518,079,000 |
| Total cash in transit | 9,660,897,533 | 7,877,217,663 |
| Less: Outstanding cheques and warrants— | | |
| Outstanding cheques(4) | 5,492,713,111 | 5,050,029,792 |
| Imprest account cheques(5) | 305,416 | 319,560 |
| Total outstanding cheques and warrants | 5,493,018,527 | 5,050,349,352 |
| Total cash | 5,583,600,563 | 16,871,371,357 |
| Cash equivalents | 8,739,001,670 | 11,578,956,888 |
| Total cash and cash equivalents | 14,322,602,233 | 28,450,328,245 |

(1) The balances denominated in foreign currencies (United Kingdom pounds sterling, United States dollars and Euros) have been translated into Canadian dollar equivalents and include cash in bank and outstanding cheques and warrants.

(2) These are balances in the hands of financial institutions for the reimbursement of GST refund payments issued by the Ministère du Revenu du Québec on behalf of the Government.

(3) These funds are not public moneys to the credit of the Receiver General for Canada but are for the exclusive use of consolidated Crown corporations and other entities.

(4) Cheques and Employment Insurance warrants issued in Canadian dollars, and outstanding are recorded in this account. Cheques outstanding for 10 years are transferred to other revenues. During the year, an amount of $61,982,669 ($33,703,295 in 2010) was transferred to other revenues. Cheques in foreign currencies are credited to the Government's cash account at the time of issue.

(5) Imprest account cheques issued and unpaid at March 31, with the exception of those outstanding for 10 years or more (which have been transferred to other revenues), are recorded in this account.

## Taxes Receivable

Taxes receivable include amounts assessed by Canada Revenue Agency and the Canada Border Services Agency but not yet collected, as well as estimates of unassessed taxes at year end. Amounts receivable also include related amounts for interest and penalties.

Taxes receivable include taxes, premiums and contributions collectable on behalf of others such as provincial, territorial governments and the Canada Pension Plan. These amounts have also been included in liabilities.

The Government establishes an allowance for doubtful accounts to reduce the carrying value of the taxes receivable to amounts that approximate their net realizable value.

Table 7.3 presents taxes receivable by tax stream. Amounts receivable that are written off or forgiven are included in Section 2 of Volume III (Debts, obligations and claims written off or forgiven).

### TABLE 7.3

### TAXES RECEIVABLE AS AT MARCH 31

| | 2011 | | | 2010 | | |
|---|---|---|---|---|---|---|
| | Gross taxes receivable | Allowance for doubtful accounts | Net taxes receivable | Gross taxes receivable | Allowance for doubtful accounts | Net taxes receivable |
| | $ | $ | $ | $ | $ | $ |
| Taxes receivable— | | | | | | |
| Income taxes receivable— | | | | | | |
| Individuals | 43,207,123,532 | 5,459,080,135 | 37,748,043,397 | 40,303,200,537 | 4,925,575,342 | 35,377,625,195 |
| Employers | 16,321,116,418 | 999,100,147 | 15,322,016,271 | 15,009,791,969 | 821,743,264 | 14,188,048,705 |
| Corporations | 11,622,610,958 | 1,752,663,386 | 9,869,947,572 | 10,713,832,470 | 1,849,060,942 | 8,864,771,528 |
| Non-residents | 988,026,589 | 127,478,373 | 860,548,216 | 1,182,413,290 | 142,074,136 | 1,040,339,154 |
| Goods and services taxes receivable | 15,322,360,067 | 2,588,882,043 | 12,733,478,024 | 9,957,731,011 | 2,187,625,261 | 7,770,105,750 |
| Customs duties receivable | 239,139,219 | 8,210,682 | 230,928,537 | 190,300,334 | 23,243,689 | 167,056,645 |
| Excise taxes and duties receivable | 1,912,485,199 | 51,274,050 | 1,861,211,149 | 1,695,373,074 | 40,864,125 | 1,654,508,949 |
| Total | 89,612,861,982 | 10,986,688,816 | 78,626,173,166 | 79,052,642,685 | 9,990,186,759 | 69,062,455,926 |

Table 7.4 presents the aging for taxes receivable for the period over which claims at March 31 have been outstanding. Receivables based on estimates of unassessed taxes at year end are included in current receivables.

### TABLE 7.4

### AGING OF TAXES RECEIVABLE

| | Year ended March 31 | |
|---|---|---|
| | 2011 | 2010 |
| | $ | $ |
| Tax receivables | | |
| Less than one year | 59,451,680,154 | 59,620,638,416 |
| 1-2 | 5,726,427,231 | 3,210,161,595 |
| 2-3 | 4,073,508,061 | 2,010,232,834 |
| 3-4 | 3,261,116,004 | 2,199,184,538 |
| 4-5 | 3,208,550,703 | 1,780,135,854 |
| Over 5 years | 13,891,579,829 | 10,232,289,448 |
| Total | 89,612,861,982 | 79,052,642,685 |

## Other Accounts Receivable

Other accounts receivable represent billed (but uncollected) and unbilled or accrued financial claims arising from amounts owed to the Government for use of its assets, or from the proceeds for provision of services as of March 31, 2011.

Amounts receivable written off or forgiven are included in Section 2 of Volume III (Debts, obligations and claims written off or forgiven).

Table 7.5 presents a summary of the balances for other receivables.

### TABLE 7.5

### OTHER ACCOUNTS RECEIVABLE AS AT MARCH 31

| | 2011 | | | 2010 | | |
|---|---|---|---|---|---|---|
| | Gross receivables | Allowance for doubtful accounts | Net receivables | Gross receivables | Allowance for doubtful accounts | Net receivables |
| | $ | $ | $ | $ | $ | $ |
| Other receivables[1] | 4,171,252,314 | 1,501,426,425 | 2,669,825,889 | 4,192,472,526 | 1,343,797,294 | 2,848,675,232 |
| Accounts receivable of consolidated Crown corporations and other entities | 1,288,896,000 | | 1,288,896,000 | 843,513,000 | | 843,513,000 |
| Total | 5,460,148,314 | 1,501,426,425 | 3,958,721,889 | 5,035,985,526 | 1,343,797,294 | 3,692,188,232 |

[1] Other receivables are the financial claims owed to the Government and arising from other revenues.

Table 7.6 presents the aging of other accounts receivable for the period over which claims at March 31 have been outstanding.

### TABLE 7.6

### AGING OF OTHER ACCOUNTS RECEIVABLE

| | Year ended March 31 | |
|---|---|---|
| | 2011 | 2010 |
| | $ | $ |
| Outstanding days | | |
| 0-30 | 1,496,704,238 | 1,317,868,093 |
| 31-60 | 382,160,333 | 322,343,023 |
| 61-90 | 119,416,067 | 160,019,990 |
| 91-365 | 386,565,564 | 378,622,806 |
| Over 365 | 1,786,406,112 | 2,013,618,614 |
| Total | 4,171,252,314 | 4,192,472,526 |
| Accounts receivable of consolidated Crown corporations and other entities | 1,288,896,000 | 843,513,000 |
| Total | 5,460,148,314 | 5,035,985,526 |

# SECTION 8

**2010-2011**

***PUBLIC ACCOUNTS OF CANADA***

# Foreign Exchange Accounts

## CONTENTS

| | *Page* |
|---|---|
| International reserves held in the Exchange Fund Account. . | 8.2 |
| International Monetary Fund—Subscriptions . . . . . . . . . . . . . | 8.3 |
| International Monetary Fund—Loans . . . . . . . . . . . . . . . . . . . . | 8.3 |
| International Monetary Fund—Notes payable . . . . . . . . . . . . . | 8.3 |
| Special drawing rights allocations . . . . . . . . . . . . . . . . . . . . . . . | 8.3 |
| Supplementary statement—<br>Exchange Fund Account . . . . . . . . . . . . . . . . . . . . . . . . . . . . . | 8.4 |

# FOREIGN EXCHANGE ACCOUNTS

Foreign exchange accounts represent financial claims and obligations of the Government as a result of Canada's foreign exchange operations. Financial claims and obligations denominated in foreign currencies are reported at Canadian dollar equivalents at March 31. Investment income from the foreign exchange accounts and net gains and losses resulting from the translation of the net assets denominated in foreign currencies, to Canadian dollar equivalents as at March 31, are recorded in foreign exchange net revenues on the Statement of Operations and Accumulated Deficit.

Table 8.1 presents the continuity of each foreign exchange account, by showing the opening and closing balances, as well as payments and other charges and receipts and other credits. It should be noted, however, that this table excludes unmatured debt payable in foreign currencies, amounting to $7,628 million as at March 31, 2011 ($8,243 million as at March 31, 2010); details relating to these obligations are presented in Section 6 of this volume. A narrative description is provided for accounts reported in some tables. Such description follows the same presentation order as the respective tables.

### TABLE 8.1

FOREIGN EXCHANGE ACCOUNTS

| | April 1/2010 | Payments and other charges | Receipts and other credits | March 31/2011 |
|---|---|---|---|---|
| | $ | $ | $ | $ |
| International reserves held in the Exchange Fund Account, Table 8.2 | 53,701,312,104 | 18,094,278,694 | 17,753,752,374 | 54,041,838,424 |
| International Monetary Fund—Subscriptions | 9,822,771,316 | | 31,400,156 | 9,791,371,160 |
| International Monetary Fund—Loans | 337,054,367 | 811,095,867 | 8,857,204 | 1,139,293,030 |
| | *63,861,137,787* | *18,905,374,561* | *17,794,009,734* | *64,972,502,614* |
| Less: | | | | |
| International Monetary Fund—Notes payable | 7,676,040,104 | 1,780,566,135 | 1,364,574,212 | 7,260,048,181 |
| Special drawing rights allocations | 9,234,997,237 | 29,521,237 | | 9,205,476,000 |
| | *16,911,037,341* | *1,810,087,372* | *1,364,574,212* | *16,465,524,181* |
| Total | 46,950,100,446 | 20,715,461,933 | 19,158,583,946 | 48,506,978,433 |

## International Reserves Held in the Exchange Fund Account

This account records the moneys advanced from the Government to the Exchange Fund Account, in Canadian and other currencies, for the purchase of gold, foreign currencies and securities, and special drawing rights (SDRs).

The Exchange Fund Account is operated under the provisions of the *Currency Act*. In accordance with this Act, audited financial statements for the Exchange Fund Account are prepared for each year. The financial statements as at March 31, 2011, together with the Independent Auditor's Report thereon, are found at the end of this section.

Table 8.2 shows international reserves held in and advances to the Exchange Fund Account as at March 31, 2011. Gold held by the Account is valued at SDR 35 per fine ounce ($53.81 Cdn as at March 31, 2011 and $53.98 Cdn as at March 31, 2010).

In 2010-2011, payments and other charges consisted of advances to the Exchange Fund Account in the amount of $16,376 million and an adjustment of $1,718 million to recognize the net income of the Exchange Fund Account for the period April 1, 2010 to March 31, 2011. Receipts and other credits consisted of repayments of advances of $16,463 million and a net valuation adjustment of $1,291 million.

### TABLE 8.2

INTERNATIONAL RESERVES HELD IN THE EXCHANGE FUND ACCOUNT

(in millions of dollars)

| | March 31/2011 | March 31/2010 |
|---|---|---|
| US dollar cash and cash equivalents | 228 | 226 |
| US dollar marketable securities | 26,797 | 24,477 |
| Euro cash and cash equivalents | 79 | 175 |
| Euro marketable securities | 17,762 | 19,443 |
| Japanese yen cash and cash equivalents | 7 | 91 |
| Japanese yen marketable securities | 116 | 217 |
| Special drawing rights | 9,046 | 9,066 |
| Gold | 6 | 6 |
| Total | 54,041 | 53,701 |
| Advances by the Consolidated Revenue Fund were denominated as follows: | | |
| US dollars | 29,900 | 26,689 |
| Euro | 16,972 | 18,810 |
| Japanese yen | 233 | 304 |
| Special drawing rights (2011, SDR 4,599 million; 2010, SDR 4,599 million) | 7,070 | 7,092 |
| Canadian dollars | (1,852) | (650) |
| Total advances from the Consolidated Revenue Fund | 52,323 | 52,245 |
| Total net revenue for the year | 1,718 | 1,456 |
| Total | 54,041 | 53,701 |

## International Monetary Fund— Subscriptions

This account records the value of Canada's subscription (its "quota") to the capital of the International Monetary Fund (IMF).

The amount by which the sum of Canada's subscriptions plus loans to the IMF under special facilities exceeds the IMF's holdings of Canadian dollars represents the amount of foreign exchange which Canada is entitled to draw from the IMF on demand for balance of payments purposes. The subscription is expressed in terms of SDR, a unit of account defined in terms of a "basket" of four major currencies, the Euro, US dollar, Pound sterling and Japanese yen.

Canada has accumulated its subscriptions through settlements to the IMF in Canadian dollars, gold and SDRs. Annual maintenance of value payments are made to, or received from, the IMF when the Canadian dollar depreciates or appreciates against the SDR, in order to maintain the SDR-value of the IMF's holdings of Canadian dollars.

In 2010-2011, receipts and other credits consisted of a valuation adjustment of $31 million.

## International Monetary Fund—Loans

This account records the value of interest-bearing loans made under Canada's multi-lateral and bi-lateral borrowing arrangements with the International Monetary Fund (IMF). The purpose of these arrangements is to provide temporary resources for IMF-members countries requiring balance of payment assistance.

There are three outstanding lending arrangements with the IMF outside of the quota system: the multi-lateral New Arrangements to Borrow (NAB) and General Arrangements to Borrow (GAB) as well as a temporary bi-lateral borrowing agreement.

Canada's participation in the NAB became effective on March 11, 2011. The maximum lending by Canada to the IMF under these arrangements is limited to SDR 7,624 million. As at March 31, 2011, no lending had been provided to the IMF under the NAB.

Canada also participate in the GAB which was most recently renewed in November, 2007. The maximum lending by Canada to the IMF under these arrangements is limited to SDR 893 million. As at March 31, 2011, no lending had been provided under the GAB.

Canada's temporary bi-lateral borrowing agreement with the IMF provides for maximum lending to the IMF of $10 billion US and its term was extended during the year to expire on July 2, 2013. As at March 31, 2011, $1,139 million was outstanding with the IMF under this agreement.

Subsequent to the year-end date, amounts outstanding under the bi-lateral agreement were rolled into the NAB.

Collectively, the outstanding loans under multi-lateral and bi-lateral arrangements with the IMF cannot exceed SDR 8,517 million at any given time. This reflects the maximum commitment under both the NAB and GAB.

At March 31, 2011, each outstanding drawing under the bi-lateral agreement has an original term to maturity of three months and bears interest at the SDR rate. Amounts advanced under either arrangement are considered part of the Official International Reserves of Canada.

## International Monetary Fund—Notes Payable

This account records non-marketable, non-interest bearing notes issued by the Government to the IMF. These notes are payable on demand and are subject to redemption or re-issue, depending on the needs of the IMF for Canadian currency.

Canadian dollar holdings of the IMF include these notes and a small working balance (initially equal to one-quarter of one percent of Canada's subscription) held on deposit at the Bank of Canada. In 2010-2011, notes payable to the IMF decreased by $416 million.

## Special Drawing Rights Allocations

This account records the value of SDRs allocated to Canada by the IMF. The SDR is an international currency created by the IMF, and allocated to countries participating in its Special Drawing Rights Department. It represents a liability of Canada, as circumstances could arise whereby Canada could be called upon to repay these allocations, in part or in total.

As an asset, SDRs represent rights to purchase currencies of other countries participating in the IMF's Special Drawing Rights Department, as well as to make payments to the IMF itself. All SDRs allocated to Canada by the IMF have either been used to settle subscriptions in the IMF, or have been advanced to the Exchange Fund Account.

There was no allocation of SDRs by the IMF to Canada during the year. In 2010-2011, payments and other charges consisted of a valuation adjustment of $30 million.

# SUPPLEMENTARY STATEMENT

## Exchange Fund Account

### STATEMENT OF RESPONSIBILITY

Responsibility for the financial statements of the Exchange Fund Account (the Account) and all other information presented in this Annual Report rests with the Department of Finance. The operations of the Account are governed by the provisions of Part II of the *Currency Act*. The Bank of Canada administers the Account, as fiscal agent for the Government of Canada.

The financial statements were prepared in accordance with the accounting policies set out in Note 2 to the financial statements, which are consistent with those used by the Government of Canada, and do not result in any significant differences from Canadian generally accepted accounting principles for the public sector. These policies were applied on a basis consistent with that of the preceding year. The information included in these financial statements is based on the best estimates and judgement of the Department of Finance and the Bank of Canada, with due consideration given to materiality.

The Department of Finance establishes policies for the Account's transactions and investments. It also ensures that the Account's activities comply with the statutory authority of the *Currency Act*.

The Bank of Canada maintains appropriate financial systems and related internal controls to provide reasonable assurance that financial information is reliable, assets are safeguarded and transactions are properly authorized in accordance with the *Currency Act*. The system of internal control is supported by an internal audit department, whose functions include reviewing internal controls, including accounting and financial controls and their application. The Bank reports to the Department of Finance on the financial position of the Account and on the results of its operations.

The Auditor General of Canada conducts an independent audit of the financial statements of the Account and reports the results of the audit to the Minister of Finance.

The Annual Report of the Account is tabled in Parliament along with the financial statements, which are also part of the *Public Accounts of Canada*, and are referred to the Standing Committee on Public Accounts, which reports to Parliament on the results of its examination together with any recommendations it may have with respect to the financial statements and accompanying audit opinion.

MARK CARNEY
*Governor*
*Bank of Canada*

MICHAEL HORGAN
*Deputy Minister*
*Department of Finance*

SHEILA VOKEY, CA
*Chief Accountant*
*Bank of Canada*

Ottawa, Canada
21 June 2011

## **Exchange Fund Account**—*Continued*

INDEPENDENT AUDITOR'S REPORT

TO THE MINISTER OF FINANCE

### Report on the Financial Statements

I have audited the accompanying financial statements of the Exchange Fund Account, which comprise the statement of financial position as at 31 March 2011, the statement of operations, and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

*Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

*Auditor's Responsibility*

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

*Opinion*

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Exchange Fund Account as at 31 March 2011, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### Report on Other Legal and Regulatory Requirements

In my opinion, the transactions of the Exchange Fund Account that have come to my notice during my audit of the financial statements have, in all significant respects, been in accordance with Part II of the *Currency Act*.

Nancy Y. Cheng, FCA
Assistant Auditor General
for the Interim Auditor General of Canada

Ottawa, Canada
21 June 2011

## **Exchange Fund Account**—*Continued*

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH
(in millions of Canadian dollars)

| FINANCIAL ASSETS | 2011 | 2010 | LIABILITIES | 2011 | 2010 |
|---|---|---|---|---|---|
| Cash and cash equivalents (Note 3, 7) | 314 | 492 | Due to the Consolidated Revenue Fund (Note 6) | 54,041 | 53,701 |
| Investments | | | | | |
| Marketable securities (Note 4, 7) | 44,675 | 44,137 | | | |
| Special drawing rights (Note 5, 7) | 9,046 | 9,066 | | | |
| Gold (Note 7) | 6 | 6 | | | |
| | 53,727 | 53,209 | | | |
| | 54,041 | 53,701 | | 54,041 | 53,701 |

Commitments (Note 8)

The accompanying notes are an integral part of these financial statements.

Approved:

MARK CARNEY
*Governor*
*Bank of Canada*

MICHAEL HORGAN
*Deputy Minister*
*Department of Finance*

SHEILA VOKEY, CA
*Chief Accountant*
*Bank of Canada*

## **Exchange Fund Account**—*Continued*

### STATEMENT OF OPERATIONS
FOR THE YEAR ENDED 31 MARCH
(in millions of Canadian dollars)

| | 2011 | 2010 |
|---|---|---|
| Net revenue from investments | | |
| Marketable securities | | |
| Interest | 1,306 | 1,323 |
| Gains on sale of marketable securities | 270 | 395 |
| Transaction costs and other | (1) | (1) |
| Cash and cash equivalents | 1 | 1 |
| Special drawing rights | 30 | 16 |
| | 1,606 | 1,734 |
| Other | | |
| Net foreign exchange (loss) gain | 112 | (278) |
| Net revenue for the year | 1,718 | 1,456 |

The accompanying notes are an integral part of these financial statements.

### STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH
(in millions of Canadian dollars)

| | 2011 | 2010 |
|---|---|---|
| Cash flows from operating activities | | |
| Revenue from investments received | | |
| Marketable securities | 1,401 | 1,353 |
| Other | 1 | 1 |
| Purchase of marketable securities | (40,608) | (65,650) |
| Proceeds from the sale or maturity of marketable securities | 38,970 | 61,268 |
| Sale of foreign currencies | 56 | 4 |
| Purchase of foreign currencies | (2,697) | (2,623) |
| Net cash used in operating activities | (2,877) | (5,647) |
| Cash flows from financing activities | | |
| Increase in advances from the CRF | 14,514 | 30,568 |
| Repayment of advances to the CRF | (11,819) | (25,145) |
| Net cash provided by financing activities | 2,695 | 5,423 |
| Effects of exchange rate changes on cash and cash equivalents | 4 | (210) |
| Decrease in cash and cash equivalents | (178) | (434) |
| Cash and cash equivalents, beginning of year | 492 | 926 |
| Cash and cash equivalents, end of year | 314 | 492 |

The accompanying notes are an integral part of these financial statements.

## **Exchange Fund Account**—*Continued*

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011

(Amounts in the notes to the financial statements are in millions of Canadian dollars, unless otherwise stated.)

1. Authority and objective

The Exchange Fund Account (the Account) is governed by Part II of the *Currency Act*. The Account is in the name of the Minister of Finance and is administered by the Bank of Canada as fiscal agent. The *Financial Administration Act* does not apply to the Account. The majority of Canada's official international reserves reside inside the Account. The Account represents approximately 94 per cent (96 per cent at 31 March 2010) of Canada's official reserves. The remainder of the official reserves reside in the foreign currency accounts of the Minister of Finance.

The legislative mandate of the Account is to aid in the control and protection of the external value of the Canadian dollar. The Minister of Finance empowers the Account to acquire or sell assets deemed appropriate for this purpose, in accordance with the Account's *Statement of Investment Policy*.

Assets held in the Account are managed to provide foreign-currency liquidity to the government and to promote orderly conditions for the Canadian dollar in the foreign exchange markets, if required. Canada's current policy is to intervene in foreign exchange markets on a discretionary, rather than a systematic, basis and only in the most exceptional of circumstances. Since September 1998, no transactions have been aimed at moderating movements in the value of the Canadian dollar.

In accordance with the *Currency Act*, the net revenue for the year is paid to or charged to the Consolidated Revenue Fund (CRF) of the Government of Canada within three months after the end of the fiscal year, and the Minister of Finance reports to Parliament on the operations of the Account within the first 60 days on which Parliament is sitting after the end of the fiscal year.

2. Significant accounting policies

As stipulated in the *Currency Act*, the financial statements of the Account are prepared in a manner consistent with the accounting policies used by the Government of Canada to prepare its financial statements. The presentation and results of the Account using these accounting policies do not result in any significant differences from Canadian generally accepted accounting principles for the public sector.

*(a)* Revenue recognition

Revenue from investments is recorded net of transactions costs on an accrual basis and includes interest earned, amortization of premiums and discounts using the straight line method, gains or losses on sales of securities, and revenues from securities lending activities. Interest is accrued on short-term deposits, deposits held under repurchase agreements, marketable securities, and Special Drawing Rights.

*(b)* Expense recognition

The Account's administrative, custodial, and fiscal agency services are provided and paid for by the Bank of Canada and Department of Finance. These costs are not significant in relation to the asset portfolio and have not been recognized in the financial statements.

In addition, the notional cost specifically identified as related to the funding of the Account's assets and advanced by the CRF are not recognized in the financial statements.

*(c)* Financial assets

Cash and cash equivalents

Cash and cash equivalents consists of cash and short-term deposits. Short-term deposits are recorded at cost and are generally held to maturity.

Deposits held under repurchase agreements

Deposits held under repurchase agreements are recorded at cost. The resulting revenue is included in revenues from marketable securities.

Marketable securities

Marketable securities are recorded at cost and are adjusted for amortization of purchase discounts and premiums on a straight-line basis over the term to maturity of the security. Purchases and sales of securities are recorded at the settlement dates. The securities loaned under the securities lending program continue to be accounted for as investment assets.

Short-term deposits, Deposits held under repurchase agreement and Marketable securities are written down to their recoverable amount in the event of an other than temporary impairment in the fair value. Write-downs to reflect other than temporary impairment are included in *Net revenue from investments* in the *Statement of Operations*.

Special Drawing Rights

SDR's are initially recorded at cost and are subsequently translated into Canadian dollars at market exchange rates.

Gold

Gold is carried in the Account at a value of 35 SDRs per fine ounce, which approximates cost and conforms to the value used in the *Public Accounts of Canada*.

## **Exchange Fund Account**—*Continued*

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011—*Continued*

*(d)* Translation of foreign currencies and Special Drawing Rights

Assets and advances denominated in foreign currencies and special drawing rights (SDRs) are translated into Canadian dollar equivalents at rates prevailing on the balance sheet date, which were as follows:

| | 2011 | 2010 |
|---|---|---|
| US dollars | 0.9696 | 1.0158 |
| Euros | 1.3743 | 1.3720 |
| Japanese yen | 0.0117 | 0.0109 |
| SDRs | 1.5373 | 1.5422 |

Gains or losses resulting from the translation of assets and advances denominated in foreign currencies and SDRs, as well as on transactions throughout the fiscal year, are recorded as net foreign exchange gains or losses and are included in the *Statement of Operations*.

Investment revenue in foreign currencies and SDRs is translated into Canadian dollars at the foreign exchange rates prevailing on the date the revenue is earned.

*(e)* Use of estimates and measurement uncertainty

The preparation of the financial statements of the Account requires management to make estimates and assumptions, based on information available as of the date of the financial statements. The most significant use of estimates is in the disclosure of the fair value of assets and disclosure of the notional cost of advances.

3. Cash and cash equivalents

At 31 March, cash consisted of the following:

| | 2011 Carrying value | 2010 Carrying value |
|---|---|---|
| | (in millions of Canadian dollars) | |
| Cash | | |
| US dollars | 228 | 226 |
| Euros | 79 | 175 |
| Japanese yen | 7 | 91 |
| | 314 | 492 |

Short-term deposits are money market transactions where the Account invests funds with designated counterparties. There were no short-term deposits at 31 March 2011 (nil at 31 March 2010).

4. Marketable securities

| | 31 March 2011 | | | | | | | | | | 31 March 2010 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Term to maturity | Under 6 months | | 6 months to 1 year | | 1 to 5 years | | Over 5 years | | Total | | |
| | Carrying value | Yield % | Carrying value | Yield % | Carrying value | Yield % | Carrying value | Yield % | accrued interest | Total | Total |
| | (in millions of Canadian dollars) | | | | | | | | | | |
| US dollar | | | | | | | | | | | |
| Corporation | | | | | | | | | | | 183 |
| Commercial Banks | | | | | | | | | | | 354 |
| Sovereign | 2,910 | 0.23 | 129 | 0.97 | 785 | 2.57 | 8,045 | 3.48 | 84 | 11,953 | 7,709 |
| Supra National | 969 | 0.27 | | | 2,133 | 3.48 | 2,018 | 4.26 | 49 | 5,169 | 4,206 |
| Agencies and other | 2,516 | 0.46 | 453 | 3.04 | 3,323 | 3.23 | 3,293 | 4.30 | 90 | 9,675 | 12,025 |
| | 6,395 | | 582 | | 6,241 | | 13,356 | | 223 | 26,797 | 24,477 |
| Euro | | | | | | | | | | | |
| Sovereign | 775 | 1.20 | 172 | 2.79 | 3,576 | 2.98 | 6,501 | 3.55 | 233 | 11,257 | 12,520 |
| Supra National | 87 | 4.72 | | | 758 | 3.64 | 1,155 | 3.65 | 52 | 2,052 | 1,959 |
| Agencies and other | 367 | 4.05 | 582 | 3.70 | 1,801 | 3.55 | 1,618 | 3.84 | 85 | 4,453 | 4,964 |
| | 1,229 | | 754 | | 6,135 | | 9,274 | | 370 | 17,762 | 19,443 |
| Japanese yen | | | | | | | | | | | |
| Sovereign | | | 58 | 0.52 | 58 | 0.81 | | | | 116 | 217 |
| | | | 58 | | 58 | | | | | 116 | 217 |
| Total marketable securities | 7,624 | | 1,394 | | 12,434 | | 22,630 | | 593 | 44,675 | 44,137 |

The yield in the above table represents the weighted average yield to maturity based on the carrying value at the end of the fiscal year for the respective securities. Marketable securities include treasury notes, treasury bills, bonds, money market instruments, certificates of deposit as well as corporate papers.

## **Exchange Fund Account**—*Continued*

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011—*Continued*

At 31 March 2011, the net unamortized premium on marketable securities amounted to $252 million ($407 million net unamortized premium at 31 March 2010).

Under the securities lending program, the Account has agency agreements with two major financial institutions. Loans of securities are effected on behalf of the Account by these agents who guarantee the loans and obtain collateral of equal or greater value from their approved counterparties in these transactions. At 31 March 2011, US$117 million (par value) US Treasury Bills (no US Treasury Bills at 31 March 2010) and US$67 million (par value) in Treasury Notes (US$569 million (par value) at 31 March 2010), were being used in the securities lending program with financial institutions.

5. Special Drawing Rights

The special drawing right (SDR) is an international reserve asset created by the International Monetary Fund (IMF) in 1969 to supplement the existing official reserves of member countries. SDRs are allocated to member countries in proportion to their IMF quotas. The SDR serves as the unit of account of the International Monetary Fund (IMF) and its value is based on a basket of key international currencies.

6. Due to the Consolidated Revenue Fund (CRF)

The Account is funded by the Government of Canada through interest-free advances from the CRF. Advances to the Account from the CRF are authorized by the Minister under the terms and conditions prescribed by the Minister of Finance. Pursuant to Section 19 of the *Currency Act*, these advances are limited to $100 billion by order of the Minister of Finance in September of 2009.

The CRF advances the proceeds of Canada's borrowings in foreign currencies and allocations of SDRs by the IMF to the Account. Subsequent repayments of foreign currency debt are made using the assets of the Account and result in reductions in the level of foreign currency advances from the CRF. Interest payable by Canada on borrowings in foreign currencies and charges on allocations of SDRs to Canada are charged directly to the CRF.

The Account requires Canadian dollar advances to settle its purchases of foreign currencies. Canadian dollars received from sales of foreign currencies are remitted to the CRF. This, together with foreign currency payments made on behalf of the Government of Canada cause reductions in the level of outstanding Canadian-dollar advances, and can result in overall net deposits of Canadian dollars by the Account with the CRF.

At 31 March, advances from the CRF were comprised of the following currencies:

| | 2011 | 2010 |
|---|---|---|
| | (in millions of Canadian dollars) | |
| US dollars | 29,900 | 26,689 |
| Euros | 16,972 | 18,810 |
| Japanese yen | 233 | 304 |
| SDR's | 7,070 | 7,092 |
| Subtotal – Foreign currencies | 54,175 | 52,895 |
| Canadian dollars | (1,852) | (650) |
| Net revenue | 1,718 | 1,456 |
| Total Due to Consolidated Revenue Fund | 54,041 | 53,701 |

For the year ended 31 March 2011, the notional cost specifically identified as related to the funding of the Account's assets and advanced by the CRF to the Account is $1,493 million ($1,357 million for the year ended 31 March 2010). The notional cost of advanced funds is comprised of the actual interest costs on foreign denominated debt and cross currency swaps for foreign currency advances, and an imputed interest cost calculated using the average funding rate of outstanding Government of Canada market debt, applicable to the net of Canadian dollar and SDR currency advances.

7. Financial instruments

The role of the Account as principal repository of Canada's official international reserves determines the nature of its assets and of its operations, as well as its use of financial instruments.

*(a)* Credit risk

Credit risk is the risk that a counterparty to a financial contract will cause a loss to the Account by failing to discharge its obligations in accordance with agreed upon terms.

To ensure that the Account's asset portfolio is prudently diversified with respect to credit risk, the *Statement of Investment Policy* prescribed by the Minister of Finance specifies limits on holdings by class of issuer (sovereign, agency, supranational, corporation or commercial financial institution), by any one issuer or counterparty, and by type of instruments. The *Statement of Investment Policy* also specifies the treatment of holdings that do not meet eligibility criteria or limits due to exceptional circumstances such as ratings downgrades.

## **Exchange Fund Account**—*Continued*

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011—*Continued*

With respect to the *Statement of Investment Policy*, the Account may hold fixed income securities of highly rated sovereigns, central banks, government-supported entities and supranational organizations. To be eligible for investment, an entity must have a credit rating in the top seven categories from two of four designated rating agencies (Standard & Poor's, Moody's, Fitch, and Dominion Bond Rating Service). The Account may also make deposits and execute other transactions, up to prescribed limits, with commercial financial institutions that meet the same rating criteria.

As stipulated in the *Currency Act*, the Minister may appoint agents to perform services concerning the Account. Through the securities-lending program, agents can lend securities only up to a prescribed maximum amount and only to a list of approved counterparties. Each borrower must enter into a Securities Loan Agreement with at least one of the agents. Borrowers are also required to provide collateral for securities borrowed, according to a specific list approved by the Government. Collateral is limited to specific security types, terms to maturity, and credit ratings.

The agents also provide an indemnity in the event of default by the borrower. The Account enters into securities lending transactions in order to increase its return on investments.

### *(b)* Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk, and other price risk. Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk or currency risk. The Account is not exposed to significant other price risk.

Interest rate and currency risks are managed, with due consideration of the risk to the Government of Canada, through the asset-liability management policy. This policy utilizes a strategy of matching the duration structure and the currency of the Account's assets with the foreign currency borrowings of the Government of Canada that notionally finance the Account's assets. Other price risks are mitigated by holding high quality liquid assets.

### *(c)* Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting its obligations associated with financial liabilities. Liquidity risk is minimized by limiting the portion of foreign liabilities that needs to be rolled over within a one year period. In addition, liquidity risk is mitigated by holding short-term investments that are matched to maturing liabilities.

### *(d)* Fair value of financial instruments

| | 31 March 2011 | | 31 March 2010 | |
|---|---|---|---|---|
| | Carrying value and accrued interest | Fair value | Carrying value and accrued interest | Fair value |
| | (in millions of Canadian dollars) | | | |
| Investments | | | | |
| Cash and cash equivalents | 314 | 314 | 492 | 492 |
| Marketable securities | | | | |
| US dollar | 26,797 | 27,295 | 24,477 | 24,966 |
| Euro | 17,762 | 17,589 | 19,443 | 20,237 |
| Japanese yen | 116 | 117 | 217 | 220 |
| | 44,989 | 45,315 | 44,629 | 45,915 |
| SDRs | 9,046 | 9,046 | 9,066 | 9,066 |
| Gold | 6 | 152 | 6 | 124 |
| | 54,041 | 54,513 | 53,701 | 55,105 |

The estimated fair value of cash and cash equivalents is deemed equal to their carrying value given their short term to maturity.

Estimated fair values of marketable securities are based on quoted market prices. If such prices are not available, the fair value is determined by discounting future cash flows using an appropriate yield curve. During the year, no marketable securities have been written down to reflect other than temporary impairments in the fair value.

The SDR serves as the unit of account for the IMF and its value is based on a "basket" of four major currencies, the Euro, US dollar, Pound sterling and Japanese yen. As SDRs are translated into Canadian dollar equivalents at rates prevailing at the balance sheet date, the carrying value approximates fair value on the reporting date.

The estimated fair value of gold is based on London fixing of $1,395.25 at 31 March 2011 ($1,133.12 at 31 March 2010) per fine ounce.

## **Exchange Fund Account**—*Concluded*

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011—*Concluded*

The fair value of marketable securities and SDRs continuously fluctuates as a result of changes in market conditions, including interest rates, foreign exchange rates and market prices. As discussed in notes 7(a) and 7(b), credit and market risks of marketable securities are managed in accordance with the Account's *Statement of Investment Policy* and the asset-liability management policy. These risk management practices mitigate the risk of fair value fluctuations of marketable securities.

### 8. Commitments

#### *(a)* Foreign currency swaps

Foreign currency swaps are agreements that exchange one type of obligation for another involving different currencies and the exchange of the principal amounts and interest payments. The Account may enter into short-term foreign currency swap arrangements with the Bank of Canada to assist the Bank in its cash-management operations. There were no drawings under this facility during the year ended 31 March 2011 (no drawing during the year ended 31 March 2010), and there were no commitments outstanding at 31 March 2011 (no commitments outstanding at 31 March 2010).

#### *(b)* Foreign currency contracts

A foreign currency contract is a commitment to purchase or sell a foreign currency at the spot rate, requiring settlement within two days. In the normal course of operations, the Account enters into foreign currency contracts. At 31 March 2011, the Account had no contracts to sell foreign currency ($1 million at 31 March 2010) and no unrealized gains (losses) were recorded in net revenue at 31 March 2011 (nil at 31 March 2010).

#### *(c)* Investment contracts

In the normal course of operations, the Account enters into investment contracts. The following table presents the fair value of investment contracts with contractual amounts outstanding at 31 March:

| | 2011 | | 2010 | |
|---|---|---|---|---|
| | Contractual value | Fair value | Contractual value | Fair value |
| | (in millions of Canadian dollars) | | | |
| Marketable securities | | | | |
| US dollars | | | | |
| Purchases | | | 162 | 162 |
| Sales | | | 22 | 20 |
| Euro | | | | |
| Purchases | | | 50 | 50 |
| Sales | | | 51 | 50 |

### 9. Comparative figures

Certain of the 2010 comparative figures have been reclassified to conform to the current year's presentation.

# SECTION 9

## 2010-2011

## *PUBLIC ACCOUNTS OF CANADA*

# Loans, Investments and Advances

## CONTENTS

| | *Page* |
|---|---|
| Enterprise Crown corporations and other government business enterprises | 9.4 |
| Summary financial statements of enterprise Crown corporations and other government business enterprises | 9.8 |
| Borrowings by enterprise Crown corporations and other government business enterprises | 9.14 |
| Maturity and currency of borrowings by enterprise Crown corporations and other government business enterprises | 9.15 |
| Contingent liabilities of enterprise Crown corporations and other government business enterprises | 9.15 |
| Contractual obligations of enterprise Crown Corporations and other government business enterprises | 9.16 |
| Financial assistance to enterprise Crown corporations and other government business enterprises | 9.17 |
| Portfolio investments | 9.18 |
| National governments including developing countries | 9.20 |
| International organizations | 9.24 |
| Provincial and territorial governments | 9.29 |
| Other loans, investments and advances | 9.31 |
| Allowance for valuation | 9.40 |

This page has been intentionally left blank.

# LOANS, INVESTMENTS AND ADVANCES

Loans, investments and advances is a category of financial claims represented by debt instruments and ownership interests held by the Government of Canada acquired through the use of parliamentary appropriations, except for the portion of the investment balances representing adjustments for the equity of enterprise Crown corporations and other government business enterprises. Some of these appropriations permit repayments to be used for further loans and advances. Details of the use of non-budgetary appropriations, for loans, investments and advances, can be found in the ministerial sections of Volume II.

The investment in enterprise Crown corporations and other government business enterprises is accounted for under the modified equity method and is carried at cost which is adjusted for the annual profits or losses of the enterprises and reduced by any dividends paid by the corporations to the Government. Under the modified equity method, the accounting policies of the enterprise Crown corporations and other government business enterprises are not adjusted to conform to the Government's accounting policies. The Government also reports any amounts receivable from or payable to these corporations and where the Government has advanced funds to the corporations to support their direct lending activities, the amounts are recorded as loans and advances by the Government.

Other loans, investments and advances are initially recorded at cost and are subject to annual valuation to reflect reductions from the recorded value to the approximate net realizable value. Foreign currency transactions are translated and recorded in Canadian dollar equivalents at the exchange rates prevailing at the transaction dates. Balances of loans, investments and advances resulting from foreign currency transactions are reported at year-end closing rates of exchange; net gains and losses related to these sovereign loans are presented with the return on investments from these loans under other program revenues.

The allowance established to reflect reductions from the recorded value to the approximate net realizable value of financial claims held by the Government has been authorized by the Minister of Finance and the President of the Treasury Board, under subsection 63(2) of the *Financial Administration Act*.

Revenues received during the year on loans, investments and advances, are credited to other revenues; details are provided in Section 3 of this volume and in Section 10 of Volume III.

Table 9.1 presents the transactions and year-end balances of loans, investments and advances by category.

Some tables in this section present the continuity of accounts, by showing the opening and closing balances, as well as payments and other charges and receipts and other credits. A narrative description is provided for accounts reported in some tables. Such description follows the same presentation order as the respective tables.

## TABLE 9.1

LOANS, INVESTMENTS AND ADVANCES

| | April 1/2010 | Payments and other charges | Receipts and other credits | March 31/2011 |
|---|---|---|---|---|
| | $ | $ | $ | $ |
| Enterprise Crown corporations and other government business enterprises, Table 9.2 | 129,523,498,641 | 85,740,250,599 | 79,591,128,113 | 135,672,621,127 |
| Portfolio investments, Table 9.11 | 106,944,462 | 1,123,246 | 1,503,719 | 106,563,989 |
| National governments including developing countries, Table 9.12 | 501,721,874 | 72,919,908 | 141,551,660 | 433,090,122 |
| International organizations, Table 9.13 | 15,835,226,058 | 978,657,261 | 152,222,979 | 16,661,660,340 |
| Provincial and territorial governments, Table 9.14 | 2,936,699,234 | 290,725,224 | 547,730,648 | 2,679,693,810 |
| Other loans, investments and advances, Table 9.15 | 25,326,617,220 | 4,515,478,873 | 4,970,904,043 | 24,871,192,050 |
| | 174,230,707,489 | 91,599,155,111 | 85,405,041,162 | 180,424,821,438 |
| Less: allowance for valuation | 21,549,807,090 | 1,031,737,987 | 1,357,998,146 | 21,876,067,249 |
| Total | 152,680,900,399 | 92,630,893,098 | 86,763,039,308 | 158,548,754,189 |

## Enterprise Crown Corporations and Other Government Business Enterprises

Loans and advances to, and investments in, enterprise Crown corporations and other government business enterprises represent the balance of financial claims held by the Government against corporations and enterprises for working capital, capital expenditures and other purposes, investments in the capital stock of corporations, and loans and advances to corporations and enterprises for re-lending.

A Crown corporation means a parent Crown corporation or a wholly-owned subsidiary; a parent Crown corporation is wholly-owned directly by the Crown; a wholly-owned subsidiary is wholly-owned by one or more parent Crown corporations directly or indirectly through any number of subsidiaries.

Enterprise Crown corporations are a type of government business enterprise and are defined as those Crown corporations which are not dependent on parliamentary appropriations and whose principal activity and source of revenue is the sale of goods and services to outside parties. These include selected Crown corporations listed in Part I, all the Crown corporations listed in Part II of Schedule III of the *Financial Administration Act* and the Bank of Canada. Although a Crown corporation, the Canada Pension Plan Investment Board is not part of the Government reporting entity since its mandate is to manage an investment portfolio on behalf of the Canada Pension Plan which is itself excluded from the reporting entity.

There are also a number of self-sustaining government business enterprises that are not considered Crown corporations within the meaning of the *Financial Administration Act*, but which are controlled by the Government and in most cases accountable to Parliament through a Minister of the Crown for the conduct of their affairs. These are referred to as "other government business enterprises" and include The Canadian Wheat Board and the various Port Authorities.

Most of the enterprise Crown corporations and other government business enterprises are agents of Her Majesty for the conduct of all or part of their activities. This status is granted in one of the following ways:

*i.* designation by Parliament, through a special act of incorporation;

*ii.* statutory authorization; or,

*iii.* proclamation by the *Government Corporations Operation Act*.

Further information on the business and activities of all parent Crown corporations and information on all Crown corporations and other corporate interests of Canada is provided in the *President of the Treasury Board's Annual Report to Parliament on Crown Corporations and Other Corporate Interests of Canada*. Although no longer included as part of this Report, a compilation of the audited financial statements of the parent Crown corporations is also available upon request.

Table 9.2 presents a summary of the balances and transactions for the various types of loans, investments and advances which were made to enterprise Crown corporations and other government business enterprises.

## TABLE 9.2

## ENTERPRISE CROWN CORPORATIONS AND OTHER GOVERNMENT BUSINESS ENTERPRISES

| | April 1/2010 | Payments and other charges | Receipts and other credits | March 31/2011 |
|---|---|---|---|---|
| | $ | $ | $ | $ |
| **Investments—** | | | | |
| Investments and accumulated profits/losses (Table 9.5) | 30,910,414,950 | 9,133,112,000 | 2,817,710,000 | 37,225,816,950 |
| **Loans and advances**[1]**—** | | | | |
| Canada Mortgage and Housing Corporation— | | | | |
| Housing | 2,971,745,297 | | 109,776,686 | 2,861,968,611 |
| Joint projects | 718,029,325 | | 52,229,402 | 665,799,923 |
| Real estate | 31,281,774 | | 7,186,227 | 24,095,547 |
| Sewage treatment projects | 96,536,259 | | 19,013,283 | 77,522,976 |
| Student housing projects | 159,166,949 | | 14,009,985 | 145,156,964 |
| | *3,976,759,604* | | *202,215,583* | *3,774,544,021* |
| Finance— | | | | |
| Business Development Bank of Canada | 12,245,009,710 | 22,173,000,000 | 21,194,669,018 | 13,223,340,692 |
| Canada Lands Company Limited | 43,328,174 | 53,565,716 | 22,563,642 | 74,330,248 |
| Canada Mortgage and Housing Corporation | 68,284,695,370 | 6,814,654,889 | 9,305,539,693 | 65,793,810,566 |
| Farm Credit Canada | 15,931,450,000 | 47,409,145,000 | 45,782,395,000 | 17,558,200,000 |
| | *96,504,483,254* | *76,450,365,605* | *76,305,167,353* | *96,649,681,506* |
| Other— | | | | |
| Canadian Dairy Commission | 89,034,549 | 128,123,222 | 169,835,513 | 47,322,258 |
| Subtotal—Loans and advances | 100,570,277,407 | 76,578,488,827 | 76,677,218,449 | 100,471,547,785 |
| Less: | | | | |
| Amount expected to be repaid from future appropriations | 1,963,944,683 | | 64,170,463 | 2,028,115,146 |
| Unamortized discounts and premiums | (6,750,967) | 28,649,772 | 32,029,201 | (3,371,538) |
| Total—Loans and advances | 98,613,083,691 | 76,607,138,599 | 76,773,418,113 | 98,446,804,177 |
| Total | 129,523,498,641 | 85,740,250,599 | 79,591,128,113 | 135,672,621,127 |

(1) These loans are recorded at cost.

The results and financial position of enterprise Crown corporations and other government business enterprises are detailed at Tables 9.3 to 9.5. These tables also show the breakdown of the equity of each corporation between accumulated profits and losses, contributed surplus and capital stock, as well as the details of the Government's investment under the modified equity accounting method.

The Government of Canada has also made loans and advances to various enterprise Crown corporations and other government business enterprises. The following describes loans which were outstanding as of March 31, 2011 or 2010.

### Canada Mortgage and Housing Corporation

The Corporation was incorporated, on January 1, 1946, by the *Canada Mortgage and Housing Corporation Act*. The Corporation's mandate, as stated in the *National Housing Act*, is to promote the construction, repair and modernization of housing, the improvement of housing and living conditions, housing affordability and choice, the availability of low-cost financing for housing, and the national well-being of the housing sector. Advances have been made to the Canada Mortgage and Housing Corporation to support various programs undertaken by the Corporation.

#### *Housing*

Advances made for moderate to low income housing bear interest at rates from 5 percent to 16.10 percent per annum, and are repayable over 1 to 50 years, with the final instalment due on March 31, 2037.

#### *Joint projects*

Advances made to undertake housing projects jointly with the provinces bear interest at rates from 3.50 percent to 17.96 percent per annum, and are repayable over 1 to 50 years, with the final instalment due on June 30, 2038.

#### *Real estate*

Advances made for the acquisition and development of real estate bear interest at rates from 9.50 percent to 15 percent per annum, and are repayable over 50 years, with the final instalment due on June 30, 2036.

#### *Sewage treatment projects*

Advances made to assist in the establishment or expansion of sewage treatment projects and the construction of trunk storm sewers bear interest at rates from 5 percent to 9.63 percent per annum, and are repayable over 20 to 50 years, with the final instalment due on March 31, 2023.

*Student housing projects*

Advances made for student housing projects bear interest at rates from 5 percent to 10.05 percent per annum, and are repayable over 20 to 50 years, with the final instalment due on April 1, 2030.

## Business Development Bank of Canada

*Direct lending to Crown corporations*

The Business Development Bank of Canada (BDC) was established in 1974 by the *Federal Business Development Bank of Canada Act* and was continued under its current name by an Act of Parliament on July 13, 1995. The Corporation is a Crown corporation named in Part I of Schedule III to the *Financial Administration Act*, is wholly-owned by the Government of Canada and is not subject to the requirements of the *Income Tax Act*.

The role of the Corporation is to promote and assist in the establishment and development of business enterprises in Canada, with specific attention to small and medium-sized businesses. The Corporation provides a wide range of lending, investment and consulting services complementary to those of commercial financial institutions. The Corporation offers Canadian companies services tailored to meet the current needs of small and medium-sized businesses while earning an appropriate return on investment capital, which is used to further the Corporation's activities.

Pursuant to Section 19 of the *Business Development Bank of Canada Act*, the federal government, at the request of the Corporation, may lend money to the Corporation on any terms and conditions that the Minister of Finance may fix.

Included in loans and advances to BDC is $2,187 million in outstanding lending related to the Canadian Secured Credit Facility (CSCF). CSCF was announced in Budget 2009 to purchase up to $12,000 million of term asset backed securities backed by loans and leases on vehicles and equipment. The facility is managed by BDC within parameters jointly developed by the Department of Finance, Industry Canada, and BDC following a consultation process. The program was designed to reflect reasonable commercial terms and to encourage the return of a secondary market for this type of asset-backed security.

All the loans outstanding at year end bear interest at rates from 0.83 percent to 3.54 percent per annum.

## Canada Lands Company Limited

Canada Lands Company Limited (originally Public Works Lands Company Limited) was incorporated under the *Companies Act* in 1956 and was continued under the *Canada Business Corporations Act*. The Corporation is a Crown corporation named in Part I of Schedule III of the *Financial Administration Act* and is wholly-owned by the Government of Canada. The Corporation conducts its business through Canada Lands Company CLC Limited (CLC), its principal wholly-owned subsidiary. CLC's objective is to carry out a commercially-oriented and orderly disposal program of certain Government real properties and the management of certain select properties. In undertaking this objective, CLC may manage, develop and dispose of real properties, either in the capacity of owner or as agent of the Government.

CLC has acquired an interest in a number of real properties from the Government in consideration for the issuance of promissory notes, which bear no interest and are repayable from the proceeds of the sale of the properties in respect of which they were issued. The notes were discounted using the Consolidated Revenue Fund lending rate applicable to Crown corporations and recorded at their discounted value.

During the year, new notes have been issued for an amount of $53.6 million. An amount of $11.9 million was repaid during the year and an amount of $2.4 million was amortized to income. The balance in the account represents the balance of the notes receivable net of the corresponding unamortized discount.

## Canada Mortgage and Housing Corporation

*Direct lending to Crown corporations*

Pursuant to Section 21(1) of the *Canada Mortgage and Housing Act*, the federal government, at the request of the Corporation, may, out of the Consolidated Revenue Fund, lend money to the Corporation on any terms and conditions that the Minister of Finance may fix.

Included in loans and advances to Canada Mortgage and Housing Corporation is $58,224 million in outstanding lending related to the Insurance Mortgage Purchase Program.

All the loans outstanding at year end bear interest at rates from 0.92 percent to 4.24 percent per annum.

## Farm Credit Canada

*Direct lending to Crown corporations*

The Farm Credit Canada was established in 1959 by the *Farm Credit Act* as the successor to the Canadian Farm Loan Board, and is a Crown corporation named in Part I of Schedule III to the *Financial Administration Act*. The Corporation is wholly-owned by the Government of Canada and is not subject to the requirements of the *Income Tax Act*.

The Corporation's role is to enhance rural Canada by providing business and financial solutions for farm families and agribusiness. Additionally, the Corporation may deliver specific programs for the Government of Canada on a cost recovery basis.

Pursuant to Section 12(2) of the *Farm Credit Canada Act*, the federal government, at the request of the Corporation, may lend money to the Corporation on any terms and conditions that the Minister of Finance may fix.

All the loans outstanding at year end bear interest at rates from 0.83 percent to 3.84 percent per annum.

## Canadian Dairy Commission

The Corporation was established by the *Canadian Dairy Commission Act*, to provide, to efficient producers of milk and cream, the opportunity of obtaining a fair return for their labour and investment, and to provide, to consumers of dairy products, a continuous and adequate supply of high quality dairy products.

Loans have been made to the Corporation, to finance its dealings in dairy products. The total amount authorized to be outstanding at any time is $300,000,000 in accordance with the *Canadian Dairy Commission Act*. Currently, the Minister of Finance has authorized $175,000,000 for borrowings from the Consolidated Revenue Fund and $50,000,000 for a line of credit with members of the Canadian Payments Association.

The loans bear interest at rates from 0.3895 percent to 1.1335 percent per annum, and are repayable within one year.

## Interest paid to the Government

Interest paid to the Government of Canada with respect to these loans in the years ended March 31, 2011 and 2010 is as follows:

| | 2010-2011 | 2009-2010 |
|---|---|---|
| | (in millions of dollars) | |
| Corporation | | |
| Business Development Bank of Canada | 97.9 | 34.1 |
| Canada Mortgage and Housing Corporation | 2,308.2 | 2,118.5 |
| Canadian Dairy Commission | 0.5 | 1.1 |
| Farm Credit Canada | 158.0 | 89.7 |
| Total | 2,564.6 | 2,243.4 |

## Summary Financial Statements of Enterprise Crown Corporations and Other Government Business Enterprises

The following tables display details of the assets, liabilities, equity, revenues and expenses of enterprise Crown corporations and other government business enterprises.

Tables 9.3 to 9.5 present the assets, liabilities, equity, revenues, expenses and other changes in equity of enterprise Crown corporations and other government business enterprises grouped in five segments. The segment of competitive, self-sustaining corporations consists of those corporations named in Part I of Schedule III of the *Financial Administration Act* and of other competitive and self-sustaining government business enterprises.

For those corporations having year ends other than March 31, the data are based on unaudited interim financial statements which have been prepared on a basis consistent with the most recent audited financial statements.

The tables summarize the financial transactions and results of operations of each enterprise Crown corporation and other government business enterprise in accordance with its own respective accounting policies. Most enterprise Crown corporations follow Canadian generally accepted accounting principles (GAAP) for private sector.

Financial assets include cash and cash equivalents, receivables, loans and investments. Financial assets are segregated between third parties and Government, Crown corporations and other entities. The financial assets reported under Government, Crown corporations and other entities represent receivables, loans and investments between related parties. Non-financial assets represent the unexpensed portion of capital assets, inventories and prepayments such as buildings, machinery and equipment in use or under construction, inventories and other items of expenditure which will be expensed as these assets are used. Liabilities include payables, borrowings and other obligations. Liabilities are segregated between third parties and Government, Crown corporations and other entities. Borrowings from third parties represent amounts repayable to financial institutions and other investors. Other third party liabilities are amounts due for purchases, pensions and other employee future benefits, accrued interest on borrowings, various other accruals, capital leases and sundry accounts payable. The liabilities reported under Government, Crown corporations and other entities represent payables and borrowings between related parties.

Revenues include financial assistance received or receivable from the Government in respect of the current year's operations, when applicable. Expenses are segregated between third parties and Government, Crown corporations and other entities. Equity adjustments and other include prior period adjustments and other miscellaneous items recorded by the corporations and enterprises. Equity transactions with the Government include dividends declared or transfers of profits to the Government, as well as equity contributions provided by the Government. Other comprehensive income or loss comprises certain unrealized gains and losses on financial instruments that are recognized in comprehensive income, but excluded from net income. Upon realization, these gains and losses are included in net income. Any unrealized inter-organizational gains and losses are eliminated as part of the modified equity accounting adjustment.

These tables present financial information on parent enterprise Crown corporations and other government business enterprises, as well as financial information on wholly-owned subsidiaries that are considered "deemed parent Crown corporations" and are excluded from the consolidated financial statements of their parent Crown corporations.

Enterprise Crown corporations and other government business enterprises are also categorized as being either agents or non-agents of the Crown. In some situations, agent status may be restricted to certain designated activities of a corporation.

A summary of financial assistance to enterprise Crown corporations and other government business enterprises for the year ended March 31, 2011 is provided in Table 9.10.

## TABLE 9.3

## SUMMARY COMBINED FINANCIAL STATEMENTS OF ENTERPRISE CROWN CORPORATIONS AND OTHER GOVERNMENT BUSINESS ENTERPRISES BY SEGMENT

(in thousands of dollars)

| | Competitive, self-sustaining | Bank of Canada | Lending and insurance | Marketing | Other | Total |
|---|---|---|---|---|---|---|
| **ASSETS, LIABILITIES AND EQUITY AS AT MARCH 31, 2011** | | | | | | |
| Assets | | | | | | |
| Financial | | | | | | |
| Third parties | 7,280,828 | 53,760 | 351,534,741 | 2,083,650 | 86,986 | 361,039,965 |
| Government, Crown corporations and other entities | 914,576 | 56,726,688 | 15,007,407 | 3,175 | 83,880 | 72,735,726 |
| Total financial assets | 8,195,404 | 56,780,448 | 366,542,148 | 2,086,825 | 170,866 | 433,775,691 |
| Non-financial assets | 7,948,519 | 306,950 | 1,040,346 | 1,094,989 | 37,476 | 10,428,280 |
| Total assets as reported | 16,143,923 | 57,087,398 | 367,582,494 | 3,181,814 | 208,342 | 444,203,971 |
| Elimination adjustments | (16,533) | | (227,365) | | (173) | (244,071) |
| Total assets | 16,127,390 | 57,087,398 | 367,355,129 | 3,181,814 | 208,169 | 443,959,900 |
| Liabilities | | | | | | |
| Third parties | | | | | | |
| Borrowings | 1,538,432 | | 226,498,766 | 2,204,777 | 7,237 | 230,249,212 |
| Bank of Canada notes in circulation and amounts owing to depositors | | 54,749,161 | | | | 54,749,161 |
| Other liabilities | 4,542,275 | 964,925 | 12,297,743 | 941,776 | 93,895 | 18,840,614 |
| Government, Crown corporations and other entities | 285,217 | 1,236,182 | 101,251,373 | 35,261 | 87,064 | 102,895,097 |
| Total liabilities | 6,365,924 | 56,950,268 | 340,047,882 | 3,181,814 | 188,196 | 406,734,084 |
| Equity of Canada as reported | 9,777,999 | 137,130 | 27,534,612 | | 20,146 | 37,469,887 |
| Elimination adjustments | (16,533) | | (227,365) | | (173) | (244,071) |
| Equity of Canada | 9,761,466 | 137,130 | 27,307,247 | | 19,973 | 37,225,816 |
| Total liabilities and equity | 16,127,390 | 57,087,398 | 367,355,129 | 3,181,814 | 208,169 | 443,959,900 |
| Contingent liabilities | 39,085 | 54,550 | 2,595,324 | | 5,636 | 2,694,595 |
| Contractual obligations | 1,466,648 | 254,118 | 17,209,915 | 55,760 | 4,737 | 18,991,178 |
| **REVENUES, EXPENSES AND OTHER CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2011** | | | | | | |
| Revenues | | | | | | |
| Third parties | 11,289,221 | 28,261 | 15,081,702 | 3,890,137 | 241,038 | 30,530,359 |
| Government, Crown corporations and other entities | 615,828 | 1,565,268 | 274,311 | | 131,293 | 2,586,700 |
| Total revenues | 11,905,049 | 1,593,529 | 15,356,013 | 3,890,137 | 372,331 | 33,117,059 |
| Expenses | | | | | | |
| Third parties | 10,314,603 | 410,223 | 7,621,382 | 3,888,384 | 280,543 | 22,515,135 |
| Government, Crown corporations and other entities | 233,610 | 30,384 | 3,432,386 | 497 | 67,364 | 3,764,241 |
| Total expenses | 10,548,213 | 440,607 | 11,053,768 | 3,888,881 | 347,907 | 26,279,376 |
| Net income or (loss) for the year | 1,356,836 | 1,152,922 | 4,302,245 | 1,256 | 24,424 | 6,837,683 |
| Equity of Canada, beginning of the year as reported | 7,814,030 | 130,000 | 23,345,269 | | (30,380) | 31,258,919 |
| Adjustments and other | (1,986) | | 2,486 | (1,256) | 25,622 | 24,866 |
| Elimination adjustments | (16,533) | | (227,365) | | (173) | (244,071) |
| Other comprehensive income or (loss) | 1,898,109 | 9,416 | 258,124 | | 480 | 2,166,129 |
| Equity transactions with the Government | | | | | | |
| Dividends | (1,288,990) | (1,155,208) | (373,512) | | | (2,817,710) |
| Capital | | | | | | |
| Equity of Canada, end of the year | 9,761,466 | 137,130 | 27,307,247 | | 19,973 | 37,225,816 |

## TABLE 9.4

## FINANCIAL POSITION OF ENTERPRISE CROWN CORPORATIONS AND OTHER GOVERNMENT BUSINESS ENTERPRISES—ASSETS, LIABILITIES AND EQUITY AS AT MARCH 31, 2011

(in thousands of dollars)

| | Assets | | | |
|---|---|---|---|---|
| | Financial | | | |
| Enterprise Crown corporations and other government business enterprises[1] | Third parties | Government, Crown corporations and other entities | Non-financial | Total assets |
| **Competitive, self-sustaining** | | | | |
| Blue Water Bridge Authority | 3,586 | 10,898 | 175,080 | 189,564 |
| Canada Development Investment Corporation[2] | 4,659,297 | 133,941 | 106,576 | 4,899,814 |
| Canada Lands Company Limited | 60,946 | 3,356 | 461,895 | 526,197 |
| Parc Downsview Park Inc. | 1,458 | | 51,912 | 53,370 |
| Canada Post Corporation | 2,028,775 | 702,128 | 4,778,566 | 7,509,469 |
| Halifax Port Authority[3] | 7,619 | 2,746 | 155,030 | 165,395 |
| Montreal Port Authority[3] | 77,275 | 29,347 | 250,737 | 357,359 |
| Quebec Port Authority[3] | 25,910 | | 143,780 | 169,690 |
| Ridley Terminals Inc. | 39,793 | 367 | 26,907 | 67,067 |
| Royal Canadian Mint | 96,833 | 4,037 | 237,074 | 337,944 |
| Saint John Port Authority[3] | 20,997 | | 66,938 | 87,935 |
| Toronto Port Authority[3] | 30,674 | | 62,261 | 92,935 |
| Vancouver Fraser Port Authority[3] | 99,721 | 321 | 1,009,076 | 1,109,118 |
| Other Canada Port Authorities[3][4] | 127,944 | 27,435 | 422,687 | 578,066 |
| *Total—Competitive, self-sustaining* | *7,280,828* | *914,576* | *7,948,519* | *16,143,923* |
| ***Bank of Canada*** | *53,760* | *56,726,688* | *306,950* | *57,087,398* |
| **Lending and Insurance** | | | | |
| Business Development Bank of Canada | 18,185,439 | | 214,629 | 18,400,068 |
| Canada Deposit Insurance Corporation | 532,333 | 1,678,200 | 7,705 | 2,218,238 |
| Canada Mortgage and Housing Corporation | 14,488,950 | 613,703 | 83,651 | 15,186,304 |
| Canada Housing Trust | 196,905,137 | 2,595,583 | | 199,500,720 |
| Insurance Programs | 12,622,550 | 5,503,339 | 230,167 | 18,356,056 |
| Securitization | 55,998,912 | 4,581,458 | 7,598 | 60,587,968 |
| Export Development Canada | 31,049,697 | 35,124 | 338,262 | 31,423,083 |
| Farm Credit Canada | 21,751,723 | | 158,334 | 21,910,057 |
| *Total—Lending and insurance* | *351,534,741* | *15,007,407* | *1,040,346* | *367,582,494* |
| **Marketing** | | | | |
| Canadian Dairy Commission—Marketing operations | 15,601 | | 73,918 | 89,519 |
| Canadian Wheat Board, The[5] | 2,059,621 | 3,175 | 993,303 | 3,056,099 |
| Freshwater Fish Marketing Corporation | 8,428 | | 27,768 | 36,196 |
| *Total—Marketing* | *2,083,650* | *3,175* | *1,094,989* | *3,181,814* |
| **Other** | | | | |
| Atlantic Pilotage Authority | 6,861 | | 8,367 | 15,228 |
| Great Lakes Pilotage Authority | 295 | | 111 | 406 |
| Laurentian Pilotage Authority | 16,918 | | 4,561 | 21,479 |
| Pacific Pilotage Authority | 11,104 | 5,080 | 11,513 | 27,697 |
| St. Lawrence Seaway Management Corporation[5] | 43,624 | 45,616 | 12,924 | 102,164 |
| Capital Fund Trust | 2,069 | 25,593 | | 27,662 |
| Employee Termination Benefits Trust Fund | 6,115 | 7,591 | | 13,706 |
| *Total—Other* | *86,986* | *83,880* | *37,476* | *208,342* |
| Total | 361,039,965 | 72,735,726 | 10,428,280 | 444,203,971 |
| Elimination adjustments | | (147,725) | (96,346) | (244,071) |
| Total | 361,039,965 | 72,588,001 | 10,331,934 | 443,959,900 |

[1] All enterprise Crown corporations listed at the margin in this table are parent Crown corporations.
Although a Crown corporation, Canada Pension Plan Investment Board is designed to operate at arm's length from the Government and manages, on behalf of the Canada Pension Plan, funds not belonging to the Government, therefore, it is considered external to the Government reporting entity. The Public Sector Pension Investment Board is not included in the above list since its activities are included in the Government's results through pension accounting.

[2] The financial information of the Canada Development Investment Corporation is consolidated to include the Canada Hibernia Holding Corporation.

[3] Canada Port Authorities, which are not Crown corporations but considered other government business enterprises, are agents of the Crown for their port activities.

[4] Consists of the combined figures of the Canada Port Authorities of Belledune, Hamilton, Nanaimo, Port Alberni, Prince Rupert, Saguenay, Sept-Îles, St. John's, Thunder Bay, Trois-Rivières and Windsor.

[5] These entities, which are not Crown corporations or agents of the Crown, are considered other government business enterprises.

| Liabilities | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Third parties | | | | | | | | |
| Borrowings | Other | Government, Crown corporations and other entities | Total liabilities | Accumulated profits/ (losses) | Contributed surplus | Capital stock | Equity of Canada | Total liabilities and equity |
| 90,476 | 11,690 | 70 | 102,236 | 87,328 | | | 87,328 | 189,564 |
| | 80,382 | 1,157 | 81,539 | 906,090 | 3,912,184 | 1 | 4,818,275 | 4,899,814 |
| 111,247 | 28,766 | 71,914 | 211,927 | 169,189 | 145,081 | | 314,270 | 526,197 |
| 53,000 | 5,515 | 878 | 59,393 | (27,515) | 21,492 | | (6,023) | 53,370 |
| 1,050,818 | 4,089,354 | 107,933 | 5,248,105 | 1,106,193 | 1,155,171 | | 2,261,364 | 7,509,469 |
| 7,320 | 15,043 | 656 | 23,019 | 91,519 | 50,857 | | 142,376 | 165,395 |
| | 71,230 | 954 | 72,184 | 49,976 | 235,199 | | 285,175 | 357,359 |
| 19,016 | 12,858 | 82,898 | 114,772 | 32,642 | 22,276 | | 54,918 | 169,690 |
| | 5,964 | 1,097 | 7,061 | (140,036) | 64,000 | 136,042 | 60,006 | 67,067 |
| 11,974 | 68,976 | 11,696 | 92,646 | 205,298 | | 40,000 | 245,298 | 337,944 |
| | 4,801 | | 4,801 | 21,475 | 61,659 | | 83,134 | 87,935 |
| 17,294 | 17,154 | | 34,448 | 58,487 | | | 58,487 | 92,935 |
| 123,695 | 85,516 | 1,324 | 210,535 | 748,324 | 150,259 | | 898,583 | 1,109,118 |
| 53,592 | 45,026 | 4,640 | 103,258 | 231,695 | 243,113 | | 474,808 | 578,066 |
| *1,538,432* | *4,542,275* | *285,217* | *6,365,924* | *3,540,665* | *6,061,291* | *176,043* | *9,777,999* | *16,143,923* |
| | *55,714,086* | *1,236,182* | *56,950,268* | *107,130* | *25,000* | *5,000* | *137,130* | *57,087,398* |
| 896,599 | 252,373 | 13,242,775 | 14,391,747 | 1,236,143 | 27,778 | 2,744,400 | 4,008,321 | 18,400,068 |
| | 1,105,513 | 738 | 1,106,251 | 1,111,987 | | | 1,111,987 | 2,218,238 |
| 3,039,350 | 311,986 | 11,684,469 | 15,035,805 | 125,499 | 25,000 | | 150,499 | 15,186,304 |
| 199,237,534 | 312,316 | | 199,549,850 | (49,140) | 10 | | (49,130) | 199,500,720 |
| | 8,185,857 | 107,732 | 8,293,589 | 10,062,467 | | | 10,062,467 | 18,356,056 |
| | 613,030 | 58,552,887 | 59,165,917 | 1,422,051 | | | 1,422,051 | 60,587,968 |
| 22,032,649 | 1,313,784 | 3,486 | 23,349,919 | 6,739,964 | | 1,333,200 | 8,073,164 | 31,423,083 |
| 1,292,634 | 202,884 | 17,659,286 | 19,154,804 | 2,207,528 | 547,725 | | 2,755,253 | 21,910,057 |
| *226,498,766* | *12,297,743* | *101,251,373* | *340,047,882* | *22,856,499* | *600,513* | *4,077,600* | *27,534,612* | *367,582,494* |
| | 54,264 | 35,255 | 89,519 | | | | | 89,519 |
| 2,177,190 | 878,909 | | 3,056,099 | | | | | 3,056,099 |
| 27,587 | 8,603 | 6 | 36,196 | | | | | 36,196 |
| *2,204,777* | *941,776* | *35,261* | *3,181,814* | | | | | *3,181,814* |
| 3,769 | 3,733 | | 7,502 | 5,421 | 2,305 | | 7,726 | 15,228 |
| | 4,532 | | 4,532 | (4,208) | 82 | | (4,126) | 406 |
| | 8,846 | | 8,846 | 10,154 | 2,479 | | 12,633 | 21,479 |
| 3,468 | 6,979 | | 10,447 | 16,444 | 806 | | 17,250 | 27,697 |
| | 69,802 | 44,735 | 114,537 | 1,755 | (14,128) | | (12,373) | 102,164 |
| | 1 | 27,661 | 27,662 | | | | | 27,662 |
| | 2 | 14,668 | 14,670 | (964) | | | (964) | 13,706 |
| *7,237* | *93,895* | *87,064* | *188,196* | *28,602* | *(8,456)* | | *20,146* | *208,342* |
| 230,249,212 | 73,589,775 | 102,895,097 | 406,734,084 | 26,532,896 | 6,678,348 | 4,258,643 | 37,469,887 | 444,203,971 |
| | | | | (244,071) | | | (244,071) | (244,071) |
| 230,249,212 | 73,589,775 | 102,895,097 | 406,734,084 | 26,288,825 | 6,678,348 | 4,258,643 | 37,225,816 | 443,959,900 |

## TABLE 9.5

## REVENUES, EXPENSES AND OTHER CHANGES IN EQUITY OF ENTERPRISE CROWN CORPORATIONS AND OTHER GOVERNMENT BUSINESS ENTERPRISES FOR THE YEAR ENDED MARCH 31, 2011

(in thousands of dollars)

| | Revenues | | |
|---|---|---|---|
| Enterprise Crown corporations and other government business enterprises | Third parties | Government, Crown corporations and other entities[1] | Total |
| **Competitive, self-sustaining** | | | |
| Blue Water Bridge Authority | 20,383 | | 20,383 |
| Canada Development Investment Corporation | 928,738 | | 928,738 |
| Canada Lands Company Limited | 205,137 | 12,657 | 217,794 |
| Parc Downsview Park Inc. | 13,254 | 394 | 13,648 |
| Canada Post Corporation | 7,208,962 | 475,057 | 7,684,019 |
| Halifax Port Authority | 28,989 | | 28,989 |
| Montreal Port Authority | 89,079 | 4,838 | 93,917 |
| Quebec Port Authority | 25,144 | 1,176 | 26,320 |
| Ridley Terminals Inc. | 72,516 | | 72,516 |
| Royal Canadian Mint | 2,376,379 | 114,961 | 2,491,340 |
| Saint John Port Authority | 16,058 | | 16,058 |
| Toronto Port Authority | 36,058 | | 36,058 |
| Vancouver Fraser Port Authority | 181,338 | 118 | 181,456 |
| Other Canada Port Authorities | 87,186 | 6,627 | 93,813 |
| *Total – Competitive, self-sustaining* | *11,289,221* | *615,828* | *11,905,049* |
| ***Bank of Canada*** | *28,261* | *1,565,268* | *1,593,529* |
| **Lending and insurance** | | | |
| Business Development Bank of Canada | 958,505 | | 958,505 |
| Canada Deposit Insurance Corporation | 261,270 | 25,517 | 286,787 |
| Canada Mortgage and Housing Corporation | 627,529 | 41,987 | 669,516 |
| Canada Housing Trust | 6,555,403 | 744 | 6,556,147 |
| Insurance Programs | 2,333,725 | 172,734 | 2,506,459 |
| Securitization | 2,019,011 | 32,926 | 2,051,937 |
| Export Development Canada | 1,356,628 | 403 | 1,357,031 |
| Farm Credit Canada | 969,631 | | 969,631 |
| *Total – Lending and insurance* | *15,081,702* | *274,311* | *15,356,013* |
| **Marketing** | | | |
| Canadian Dairy Commission – | | | |
| Marketing operations | 266,019 | | 266,019 |
| Canadian Wheat Board, The | 3,562,293 | | 3,562,293 |
| Freshwater Fish Marketing Corporation | 61,825 | | 61,825 |
| *Total – Marketing* | *3,890,137* | | *3,890,137* |
| **Other** | | | |
| Atlantic Pilotage Authority | 22,451 | | 22,451 |
| Great Lakes Pilotage Authority | 20,065 | | 20,065 |
| Laurentian Pilotage Authority | 73,282 | | 73,282 |
| Pacific Pilotage Authority | 60,824 | | 60,824 |
| St. Lawrence Seaway Management Corporation | 64,265 | 67,173 | 131,438 |
| Capital Fund Trust | 22 | 64,118 | 64,140 |
| Employee Termination Benefits Trust Fund | 129 | 2 | 131 |
| *Total – Other* | *241,038* | *131,293* | *372,331* |
| Total | 30,530,359 | 2,586,700 | 33,117,059 |
| Elimination adjustments | | | |
| Total net results | 30,530,359 | 2,586,700 | 33,117,059 |
| Less equity adjustments | | | |
| Share of annual profit | | | |

The accompanying notes for Table 9.4 are an integral part of this table.

[1] Revenues with Government, Crown corporations and other entities include amounts generated from the sale of goods and services, investment income as well as grants where the corporations qualify as a member of a general class of recipients. Additional amounts representing capital investments received by the corporations are included under "Equity transactions with the Government".

| Expenses | | | | | | | Equity transactions with the Government | | |
|---|---|---|---|---|---|---|---|---|---|
| Third parties | Government, Crown corporations and other entities | Total | Net income or (loss) | Equity beginning of year | Equity adjustments and other | Other comprehensive income or (loss) | Dividends | Capital | Equity end of year |
| 18,754 | | 18,754 | 1,629 | 88,101 | (2,402) | | | | 87,328 |
| 139,851 | 33,443 | 173,294 | 755,444 | 3,439,792 | | 1,896,468 | (1,273,429) | | 4,818,275 |
| 184,971 | 5,444 | 190,415 | 27,379 | 295,391 | | | (8,500) | | 314,270 |
| 17,690 | | 17,690 | (4,042) | (1,981) | | | | | (6,023) |
| 7,137,166 | 138,640 | 7,275,806 | 408,213 | 1,853,512 | | (361) | | | 2,261,364 |
| 21,753 | 1,144 | 22,897 | 6,092 | 137,227 | (943) | | | | 142,376 |
| 95,289 | 6,123 | 101,412 | (7,495) | 295,637 | (2,064) | (903) | | | 285,175 |
| 23,978 | 1,055 | 25,033 | 1,287 | 53,631 | | | | | 54,918 |
| 33,979 | 5,114 | 39,093 | 33,423 | 26,583 | | | | | 60,006 |
| 2,423,850 | 35,311 | 2,459,161 | 32,179 | 217,170 | | 2,949 | (7,000) | | 245,298 |
| 12,743 | 445 | 13,188 | 2,870 | 80,264 | | | | | 83,134 |
| 27,712 | | 27,712 | 8,346 | 50,069 | | 72 | | | 58,487 |
| 104,972 | 6,095 | 111,067 | 70,389 | 828,194 | | | | | 898,583 |
| 71,895 | 796 | 72,691 | 21,122 | 450,440 | 3,423 | (116) | (61) | | 474,808 |
| *10,314,603* | *233,610* | *10,548,213* | *1,356,836* | *7,814,030* | *(1,986)* | *1,898,109* | *(1,288,990)* | | *9,777,999* |
| *410,223* | *30,384* | *440,607* | *1,152,922* | *130,000* | | *9,416* | *(1,155,208)* | | *137,130* |
| 513,788 | 98,004 | 611,792 | 346,713 | 3,643,016 | | 23,604 | (5,012) | | 4,008,321 |
| 26,917 | 4,200 | 31,117 | 255,670 | 856,453 | | (136) | | | 1,111,987 |
| 143,718 | 542,997 | 686,715 | (17,199) | 167,698 | | | | | 150,499 |
| 6,387,559 | 180,998 | 6,568,557 | (12,410) | (36,720) | | | | | (49,130) |
| 655,879 | 507,217 | 1,163,096 | 1,343,363 | 8,478,553 | 1,055 | 239,496 | | | 10,062,467 |
| (289,553) | 1,931,727 | 1,642,174 | 409,763 | 994,681 | | 17,607 | | | 1,422,051 |
| (166,236) | 6,879 | (159,357) | 1,516,388 | 6,905,994 | 1,431 | (649) | (350,000) | | 8,073,164 |
| 349,310 | 160,364 | 509,674 | 459,957 | 2,335,594 | | (21,798) | (18,500) | | 2,755,253 |
| *7,621,382* | *3,432,386* | *11,053,768* | *4,302,245* | *23,345,269* | *2,486* | *258,124* | *(373,512)* | | *27,534,612* |
| 260,009 | 497 | 260,506 | 5,513 | | (5,513) | | | | |
| 3,562,293 | | 3,562,293 | | | | | | | |
| 66,082 | | 66,082 | (4,257) | | 4,257 | | | | |
| *3,888,384* | *497* | *3,888,881* | *1,256* | | *(1,256)* | | | | |
| 19,729 | | 19,729 | 2,722 | 5,004 | | | | | 7,726 |
| 18,193 | | 18,193 | 1,872 | (5,998) | | | | | (4,126) |
| 67,599 | | 67,599 | 5,683 | 6,950 | | | | | 12,633 |
| 57,360 | | 57,360 | 3,464 | 13,786 | 62 | (62) | | | 17,250 |
| 117,648 | (1,318) | 116,330 | 15,108 | (27,481) | | | | | (12,373) |
| 1 | 68,564 | 68,565 | (4,425) | (21,135) | 25,560 | | | | |
| 13 | 118 | 131 | | (1,506) | | 542 | | | (964) |
| *280,543* | *67,364* | *347,907* | *24,424* | *(30,380)* | *25,622* | *480* | | | *20,146* |
| 22,515,135 | 3,764,241 | 26,279,376 | 6,837,683 | 31,258,919 | 24,866 | 2,166,129 | (2,817,710) | | 37,469,887 |
| | | | | (348,505) | 128,671 | (24,237) | | | (244,071) |
| 22,515,135 | 3,764,241 | 26,279,376 | 6,837,683 | 30,910,414 | 153,537 | 2,141,892 | (2,817,710) | | 37,225,816 |
| | | | 153,537 | | (153,537) | | | | |
| | | | 6,991,220 | 30,910,414 | | 2,141,892 | (2,817,710) | | 37,225,816 |

## Borrowings by Enterprise Crown Corporations and Other Government Business Enterprises

Table 9.6 summarizes the borrowing transactions by agent and non-agent enterprise Crown corporations and other government business enterprises.

In accordance with section 54 of the *Financial Administration Act*, the payment of all money borrowed by agent enterprise Crown corporations and interest thereon is a charge on and payable out of the Consolidated Revenue Fund. Such borrowings therefore constitute obligations of the Government and are recorded as such in the accounts of Canada net of borrowings expected to be repaid directly by these corporations.

Borrowings by non-agent enterprise Crown corporations and other government business enterprises are not on behalf of Her Majesty, but may, at times be guaranteed by the Government.

### TABLE 9.6

### BORROWINGS BY ENTERPRISE CROWN CORPORATIONS AND OTHER GOVERNMENT BUSINESS ENTERPRISES

(in thousands of dollars)

| | Balance April 1/2010[1] | Borrowings and other credits | Repayments and other charges | Balance March 31/2011 |
|---|---|---|---|---|
| **Agent enterprise Crown corporations** | | | | |
| Business Development Bank of Canada | 1,487,743 | | 591,144 | 896,599 |
| Canada Mortgage and Housing Corporation | 4,421,450 | 1,191 | 1,383,291 | 3,039,350 |
| Canada Housing Trust | 180,440,218 | 39,067,316 | 20,270,000 | 199,237,534 |
| Canada Post Corporation | 90,000 | 995,818 | 35,000 | 1,050,818 |
| Canadian Dairy Commission (Marketing operations) | | 20,847 | 20,847 | |
| Export Development Canada | 23,000,507 | 21,032,080 | 21,999,938 | 22,032,649 |
| Farm Credit Canada | 1,764,887 | 425,455 | 897,708 | 1,292,634 |
| Freshwater Fish Marketing Corporation | 29,363 | 27,587 | 29,363 | 27,587 |
| Parc Downsview Park Inc. | 39,000 | 14,000 | | 53,000 |
| Royal Canadian Mint, The | 15,477 | | 3,503 | 11,974 |
| Total—Agent enterprise Crown corporations | 211,288,645 | 61,584,294 | 45,230,794 | 227,642,145 |
| **Non-agent enterprise Crown corporations and other government business enterprises** | | | | |
| Atlantic Pilotage Authority | 4,000 | | 231 | 3,769 |
| Blue Water Bridge Authority | 93,495 | 22 | 3,041 | 90,476 |
| Canada Lands Company Limited[2] | 165,001 | | 53,754 | 111,247 |
| Canadian Wheat Board, The | 1,685,791 | 10,259,044 | 9,767,645 | 2,177,190 |
| Halifax Port Authority[3] | 6,314 | 1,006 | | 7,320 |
| Pacific Pilotage Authority | 4,117 | | 649 | 3,468 |
| Quebec Port Authority[3] | 21,769 | | 2,753 | 19,016 |
| Toronto Port Authority[3] | 18,053 | 115 | 874 | 17,294 |
| Vancouver Fraser Port Authority[3] | 129,983 | 101,265 | 107,553 | 123,695 |
| Other Canada Port Authorities[3] | 47,474 | 20,298 | 14,180 | 53,592 |
| Total—Non-agent enterprise Crown corporations and other government business enterprises | 2,175,997 | 10,381,750 | 9,950,680 | 2,607,067 |
| Total | 213,464,642 | 71,966,044 | 55,181,474 | 230,249,212 |
| Borrowings expected to be repaid by enterprise Crown corporations and other government business enterprises | 213,464,642 | | | 230,249,212 |
| Allowance for borrowings of enterprise Crown corporations and other government business enterprises expected to be repaid by the Government and reported on the Statement of Financial Position | | | | |

[1] Certain comparative figures have been reclassified to conform to the current year's presentation.

[2] Borrowings of Canada Lands Company Limited are those of its subsidiary, Canada Lands Company CLC Limited, which is not an agent of the Crown.

[3] The Authority is an agent of the Crown only for its port activities. It is considered a non-agent of the Crown for borrowings purposes.

## Maturity and Currency of Borrowings by Enterprise Crown Corporations and Other Government Business Enterprises

Table 9.7 summarizes the maturity and currency of borrowings by agent and non-agent enterprise Crown corporations and other government business enterprises, as at March 31, 2011.

### TABLE 9.7

MATURITY AND CURRENCY OF BORROWINGS BY ENTERPRISE CROWN CORPORATIONS AND OTHER GOVERNMENT BUSINESS ENTERPRISES

(in thousands of dollars)

| Year of maturity | Agent | Non-agent | Total |
|---|---|---|---|
| 2011 | 33,094,753 | 1,903,400 | 34,998,153 |
| 2012 | 42,765,088 | 124,076 | 42,889,164 |
| 2013 | 47,141,183 | 17,300 | 47,158,483 |
| 2014 | 38,525,707 | 181,052 | 38,706,759 |
| 2015 | 31,335,402 | 11,187 | 31,346,589 |
| Subsequent years | 34,780,012 | 370,052 | 35,150,064 |
| Total | 227,642,145 | 2,607,067 | 230,249,212(1) |

(1) The borrowings are composed in Canadian dollar equivalent of 15,278,502 USD, 1,298,685 GBP, 768,254 JPY, 1,847,143 AUD, 11,009 EUR, 46,108 MXN, 152,483 NZD, 30,927 TRY, 460,459 SWK, 488,130 NOK, 262,829 HKD, 453,411 CHF and 209,151,272 CAD.

## Contingent Liabilities of Enterprise Crown Corporations and Other Government Business Enterprises

Table 9.8 summarizes the contingent liabilities of enterprise Crown corporations and other government business enterprises. A contingent liability is defined as a potential liability which may become an actual liability when one or more future events occur or fail to occur.

### TABLE 9.8

CONTINGENT LIABILITIES OF ENTERPRISE CROWN CORPORATIONS AND OTHER GOVERNMENT BUSINESS ENTERPRISES

(in thousands of dollars)

| | March 31, 2011 |
|---|---|
| Bank of Canada—Callable shares | 54,550 |
| Business Development Bank of Canada—Loan guarantees | 62,400 |
| Canada Lands Company Limited—Letters of credit | 18,553 |
| Canada Mortgage and Housing Corporation | |
| Claims and pending and threatened litigation | 12,504 |
| Letters of credit | 76,000 |
| Insurance Programs—Claims and pending and threatened litigation | 12,000 |
| Export Development Canada—Loan guarantees | 2,429,907 |
| Farm Credit Canada—Letters of credit | 2,513 |
| Hamilton Port Authoriy—Claims and pending and threatened litigation | 277 |
| Royal Canadian Mint—Loan guarantees | 9,297 |
| St. Lawrence Seaway Management Corporation—Claims and pending and threatened litigation | 5,636 |
| Vancouver Fraser Port Authority—Claims and pending and threatened litigation | 10,958 |
| Total | 2,694,595 |

## Contractual Obligations of Enterprise Crown Corporations and Other Government Business Enterprises

Table 9.9 summarizes the contractual obligations of enterprise Crown corporations and other government business enterprises. A contractual obligation represents a legal obligation to third party organizations or individuals as a result of a contract. Contractual obligations are classified into three main categories: loans authorized but undisbursed, capital expenditures and operating leases.

### TABLE 9.9

CONTRACTUAL OBLIGATIONS OF ENTERPRISE CROWN CORPORATIONS AND OTHER GOVERNMENT BUSINESS ENTERPRISES AT MARCH 31, 2011

(in thousands of dollars)

|  | Loans | Capital expenditures | Operating leases and other | Total |
|---|---|---|---|---|
| Bank of Canada |  |  | 254,118 | 254,118 |
| Business Development Bank of Canada | 1,739,666 |  | 139,477 | 1,879,143 |
| Canada Deposit Insurance Corporation |  |  | 11,288 | 11,288 |
| Canada Development Investment Corporation |  |  | 26,829 | 26,829 |
| Canada Lands Company Limited |  | 22,409 | 5,733 | 28,142 |
| Canada Mortgage and Housing Corporation | 277,000 |  |  | 277,000 |
| Canada Post Corporation |  |  | 1,014,000 | 1,014,000 |
| Canadian Dairy Commission |  |  |  |  |
| Marketing operations |  |  | 3,760 | 3,760 |
| Canadian Wheat Board, The |  | 52,000 |  | 52,000 |
| Export Development Canada | 11,517,341 |  | 635,000 | 12,152,341 |
| Farm Credit Canada | 2,821,800 |  | 68,343 | 2,890,143 |
| Halifax Port Authority |  | 23,594 |  | 23,594 |
| Laurentian Pilotage Authority |  | 706 | 1,115 | 1,821 |
| Montreal Port Authority |  | 5,402 | 3,195 | 8,597 |
| Pacific Pilotage Authority |  |  | 415 | 415 |
| Ridley Terminals Inc. |  | 36,600 | 210,756 | 247,356 |
| Royal Canadian Mint |  |  | 54,218 | 54,218 |
| St. Lawrence Seaway Management Corporation |  |  | 2,501 | 2,501 |
| Vancouver Fraser Port Authority |  | 54,269 | 6,696 | 60,965 |
| Other Canada Port Authorities |  |  | 2,947 | 2,947 |
| Total | 16,355,807 | 194,980 | 2,440,391 | 18,991,178 |

## Financial Assistance to Enterprise Crown Corporations and Other Government Business Enterprises

Table 9.10 summarizes financial assistance for both agent and non-agent enterprise Crown corporations and other government business enterprises. It should be read in conjunction with Table 9.5. The purpose for which payments have been made is segregated between: *(a)* amounts recorded as operating transactions and *(b)* amounts used for the acquisition of capital assets.

All amounts reported represent charges to appropriations or authorities approved by Parliament.

### TABLE 9.10

FINANCIAL ASSISTANCE TO ENTERPRISE CROWN CORPORATIONS AND OTHER GOVERNMENT BUSINESS ENTERPRISES
FOR THE YEAR ENDED MARCH 31, 2011

(in thousands of dollars)

| | Operating | Capital | Financial assistance |
|---|---|---|---|
| Canada Post Corporation | 81,210 | | 81,210 |
| Total | 81,210 | | 81,210 |

## Portfolio Investments

Portfolio investments represent investments in entities with share capital owned jointly by the Government and other governments and/or organizations to further common objectives. Additional information on these entities is provided in the *President of the Treasury Board's Annual Report to Parliament on Crown Corporations and Other Corporate Interests of Canada*.

Under the terms of section 147 of the *Bankruptcy and Insolvency Act*, the Superintendent of Bankruptcy has received shares in a number of corporations in lieu of a cash levy payable to the Crown.

Table 9.11 presents a summary of the balances and transactions for the various types of portfolio investments.

### TABLE 9.11

### PORTFOLIO INVESTMENTS

| | April 1/2010 | Payments and other charges | Receipts and other credits | March 31/2011 |
|---|---|---|---|---|
| | $ | $ | $ | $ |
| Lower Churchill Development Corporation Limited—Natural Resources | 14,750,000 | | | 14,750,000 |
| Other— | | | | |
| Co-operative Housing Project—Environment—Parks Canada Agency | 337,106 | | | 337,106 |
| Canada Pension Plan Investment Board—Finance | 100 | | | 100 |
| Canada Investment Fund for Africa—Foreign Affairs and International Trade—Canadian International Development Agency | 91,605,080 | 903,347 | 1,503,697 | 91,004,730 |
| Equity Ownership—Industry—National Research Council of Canada | 252,076 | 219,899 | 22 | 471,953 |
| Public Sector Pension Investment Board—Treasury Board | 100 | | | 100 |
| North Portage Development Corporation—Western Economic Diversification | | | | |
| | 92,194,462 | 1,123,246 | 1,503,719 | 91,813,989 |
| Total | 106,944,462 | 1,123,246 | 1,503,719 | 106,563,989 |

## Lower Churchill Development Corporation Limited

The Corporation was incorporated under the *Companies Act of Newfoundland*, to establish a basis for the development of all or part of the hydroelectric potential of the Lower Churchill basin and the transmission of this energy to markets.

This account records the Government's investment in the capital of the Corporation. In respect of Canada's participation with the Government of Newfoundland and Labrador in the development of the hydroelectric power potential of the Lower Churchill River in Labrador, the Government is authorized to purchase approximately 49 percent of the shares of the Lower Churchill Development Corporation Limited.

The Government has purchased 1,475 class A shares, representing 49 percent of the shares outstanding. The balance of the outstanding shares is owned by Newfoundland and Labrador Hydro (an agent of the Government of Newfoundland and Labrador).

## Co-operative Housing Project

The Parks Canada Agency has invested in the Rocky Mountain II Co-operative Housing Association, along with five other entities, to provide accommodation for Parks Canada employees and employees of other entities in Banff, Alberta.

## Canada Pension Plan Investment Board

The Canada Pension Plan Investment Board ("Board") was created pursuant to the *Canada Pension Plan Investment Board Act*. The Board's objectives are to assist the Canada Pension Plan (CPP) in meeting its obligations to contributors and beneficiaries and to manage any amounts transferred to it in their best interest.

The Government holds 100 percent of the share capital of the corporation that consists of 10 shares having a fair value of $10 each issued as per legislation. The assets managed by the Board are included in the CPP financial statements. They are excluded from the Government's financial statements since CPP is not part of the Government's reporting entity as explained in Note 1 of the Government's financial statements.

## Canada Investment Fund for Africa

The Canada Investment Fund for Africa (CIFA) is a joint public-private sector initiative designed to provide risk capital for private investments in Africa that generate growth. The CIFA is a direct response to the New Partnership for Africa's Development (NEPAD) and the G8 Africa Action Plan. The main objectives of the CIFA are to optimize public-private investment in the Fund, to confer a beneficial development impact on Africa by way of increased foreign direct investment and to optimize the beneficial impact of the Fund's activities on Canadian interests.

The Government of Canada is a limited partner in the CIFA and its commitment towards the Fund was subject to matching funds of other investors and was to be equal to the lesser of: *(i)* $100 million or *(ii)* the aggregated commitments of all other limited partners of the partnership. The investment period in the CIFA ended January 1, 2009. From thereon, until the term of the partnership is reached on December 31, 2013, the Canadian International Development Agency will only receive income returns of capital. Since its inception, the Canadian International Development Agency received capital reimbursement from CIFA amounting to $13.2 million and investment income of $5.2 million.

## Equity Ownership

In order to help fulfill its mandate to promote industrial innovation in Canada, the National Research Council of Canada (NRC) has taken equity interests in several new firms based on NRC technology. NRC provides financial assistance at better than market conditions to firms through access to equipment, intellectual property and incubation space in laboratories and in the organization's Industry Partnership Facilities.

Since these companies often cannot afford to pay the full cost of the assistance received from the NRC, the NRC takes an equity position in a company in order to help the firms survive the critical development stage. In turn, it allows NRC to earn a return that somewhat reflects the risk taken should the company become successful.

This investment in equity is authorized under subsection 92(1)(b) of the *Financial Administration Act* which allows for the acquisition or the sale or other disposal of shares or assets in the ordinary course of a business of providing financial assistance to publicly and privately held companies and are recorded at cost.

The Government's holdings of shares represents a minority interest in three publicly traded companies and two privately held companies. During the year, the shares of one privately held company were sold and the share of one publicly traded company were acquired. Additionally, the shares of ten privately held companies and one publicly traded company were written-off.

## Public Sector Pension Investment Board

The Public Sector Pension Investment Board ("Board") was created pursuant to the *Public Sector Pension Investment Board Act*. Its mandate is to invest in financial markets the funds transferred to it from the Public Service, Canadian Forces, Royal Canadian Mounted Police and Reserve Force pension plans. The Board's objective is to achieve maximum rates of return on investments, without undue risk while respecting the requirements and financial obligations of those plans.

The Government holds 100 percent of the share capital of the corporation that consists of 10 shares having a fair value of $10 each issued as per legislation. The assets managed by the Board are recorded against the pension liability.

## North Portage Development Corporation

The Corporation was incorporated under the *Manitoba Corporations Act*, to foster the social and economic development of the North Portage area in the core area of Winnipeg. The objective of the Government's participation is to stimulate economic recovery in Canada and Manitoba.

The Government's holding of common shares represents 33.3 percent of the shares outstanding. The Corporation is owned equally by the City of Winnipeg, the Province of Manitoba and the Government of Canada.

## National Governments Including Developing Countries

Loans to national governments consist mainly of loans for financial assistance, international development assistance to developing countries, and loans for development of export trade (administered by Export Development Canada).

Table 9.12 presents a summary of the balances and transactions for the loans and advances that were made to national governments including developing countries.

### TABLE 9.12

NATIONAL GOVERNMENTS INCLUDING DEVELOPING COUNTRIES

| | April 1/2010 | Payments and other charges | Receipts and other credits | March 31/2011 |
|---|---|---|---|---|
| | $ | $ | $ | $ |
| Foreign Affairs and International Trade—<br>Development of export trade (loans administered by Export Development Canada) | 197,527,162 | 25,978,969 | 71,513,476 | 151,992,655 |
| Foreign Affairs and International Trade—<br>Canadian International Development Agency<br>Developing countries—International development assistance | 304,141,709 | 46,754,774 | 69,799,016 | 281,097,467 |
| National Defence<br>North Atlantic Treaty Organization—Damage claims recoverable | 53,003 | 186,165 | 239,168 | |
| Total | 501,721,874 | 72,919,908 | 141,551,660 | 433,090,122 |

### Development of export trade

Pursuant to section 23 of the *Export Development Act*, the Minister for International Trade, with the concurrence of the Minister of Finance, may authorize Export Development Canada ("the Corporation") to enter into certain transactions or class of transactions where the Minister is of the opinion it is in the national interest and where the Corporation has advised the Minister that it will not enter into such transactions without such authorization. Funding for such transactions is provided by the Minister of Finance out of the Consolidated Revenue Fund and the transactions are administered by the Corporation on behalf of the Government of Canada.

Loan transactions with longer repayment terms and/or low or zero interest rates are recorded in part as expenses when the economic value is reduced due to such concessionary terms.

Tables 11.4 and 11.5 (Section 11 of this volume) present additional information on contractual obligations and guarantees that are disclosed in the notes to the audited financial statements in Section 2 of this volume.

The following table presents the balances and transactions for loans made to national governments, together with their terms and conditions of repayments.

| | | Payments and other charges | | Receipts and other credits | | |
|---|---|---|---|---|---|---|
| | April 1/2010 | Payments or other charges (1) | Revaluation | Receipts or other credits (2) | Revaluation | March 31/2011 |
| | $ | $ | $ | $ | $ | $ |
| **NON-BUDGETARY LOANS(3)—** | | | | | | |
| (a) 6 to 10 year term, 0 percent interest per annum, with final repayments in in December 2011: | | | | | | |
| Congo | 1,319,010 | 616,513 | | | 108,174 | 1,827,349 |
| (b) 6 to 10 year term, interest based on London Interbank Offered Rate (LIBOR), plus a range of rates from 1.2 percent to 2.1 percent per annum, with final repayments in December 2010: | | | | | | |
| Cameroon | 827,965 | | | | 37,379 | 790,586 |
| (c) 11 to 15 year term, 7.75 percent to 8.26 percent interest per annum, with final repayments in March 2007: | | | | | | |
| Argentina | 27,022,896 | | | | 1,197,388 | 25,825,508 |
| (d) 11 to 15 year term, interest based on LIBOR, plus a range of rates from 0.5 percent to 1.0 percent per annum, with final repayments between December 2019 and June 2020: | | | | | | |
| Kenya | 879,832 | | | 8,537 | 41,085 | 830,210 |
| (e) 16 to 20 year term, interest based on LIBOR, plus a range of rates from 0.5 percent to 0.63 percent per annum, with final repayments between October 2018 and June 2021: | | | | | | |
| Indonesia | 559,638 | | | 28,433 | 23,808 | 507,397 |
| Venezuela | 56,206,004 | | | 8,063,143 | 2,099,862 | 46,042,999 |
| | *56,765,642* | | | *8,091,576* | *2,123,670* | *46,550,396* |
| (f) 21 to 25 year term, 9.0 percent to 10.0 percent interest per annum, with final repayments in September 2000: | | | | | | |
| Sudan | 3,922,255 | | | | 425,809 | 3,496,446 |
| (g) 21 to 25 year term, interest based on LIBOR, plus 0.55 percent per annum, with final repayments in November 2024: | | | | | | |
| Pakistan | 6,338,141 | | | 150,102 | 278,632 | 5,909,407 |
| Insurance claims paid during the year: | | | | | | |
| Haiti | 373,129 | | | | | 373,129 |
| Russia | 12,394,624 | | | | 288,690 | 12,105,934 |
| | *12,767,753* | | | | *288,690* | *12,479,063* |
| Total—Non-budgetary loans | 109,843,494 | 616,513 | | 8,250,215 | 4,500,827 | 97,708,965 |
| **BUDGETARY LOANS(3)—** | | | | | | |
| (a) 21 to 25 year term, 0 percent to 3.5 percent interest per annum, with final repayments between March 2011 and November 2015: | | | | | | |
| Indonesia | 15,429,271 | | | 2,909,505 | 558,316 | 11,961,450 |
| Thailand | 827,064 | | | 820,794 | 6,270 | |
| | *16,256,335* | | | *3,730,299* | *564,586* | *11,961,450* |
| (b) 26 to 30 year term, 3.0 percent interest per annum, with final repayments between December 2016 and April 2018: | | | | | | |
| Algeria | 4,414,000 | | | 568,000 | | 3,846,000 |

| | | Payments and other charges | | Receipts and other credits | | |
|---|---|---|---|---|---|---|
| | April 1/2010 | Payments or other charges [1] | Revaluation | Receipts or other credits [2] | Revaluation | March 31/2011 |
| | $ | $ | $ | $ | $ | $ |
| (c) 31 to 55 year term, 0 percent to 10.29 percent interest per annum, with final repayments between September 2029 and February 2045: | | | | | | |
| Cameroon | 11,868,991 | | | | 535,834 | 11,333,157 |
| China | 435,037,901 | 68,535 | | 16,698,807 | 18,994,649 | 399,412,980 |
| Egypt | 8,980,868 | | | 325,692 | 106,550 | 8,548,626 |
| Gabon | 7,685,464 | | | 256,969 | 330,603 | 7,097,892 |
| India | 43,717,555 | | | 1,300,784 | 1,916,721 | 40,500,050 |
| Jamaica | 5,296,246 | | | 186,254 | 230,293 | 4,879,699 |
| Morocco | 74,797,115 | | | 2,611,207 | 3,254,616 | 68,931,292 |
| Turkey | 90,028,207 | | | 2,780,191 | 3,929,239 | 83,318,777 |
| | *677,412,347* | *68,535* | | *24,159,904* | *29,298,505* | *624,022,473* |
| (d) 31 to 55 year term, comprised of several loans with fixed or variable interest rates currently ranging from 0 percent to 2.21 percent per annum, with final repayments between December 2018 and December 2033: | | | | | | |
| Kenya | 5,120,769 | | | 221,538 | 219,602 | 4,679,629 |
| Total – Budgetary loans | 703,203,451 | 68,535 | | 28,679,741 | 30,082,693 | 644,509,552 |
| Subtotal | 813,046,945 | 685,048 | | 36,929,956 | 34,583,520 | 742,218,517 |
| Less: portion expensed due to concessionary terms | 615,519,783 | 25,293,921 | | | | 590,225,862 |
| Total | 197,527,162 | 25,978,969 | | 36,929,956 | 34,583,520 | 151,992,655 |

Note: Final repayment dates may change if loan amounts are rescheduled or restructured.

(1) Payments or other charges may include transactions such as loans, adjustments, etc.

(2) Receipts or other credits may include transactions such as repayments, forgiveness, etc.

(3) Prior to April 1, 1987, these loans were authorized by miscellaneous non-budgetary authorities. Subsequently, they were authorized by miscellaneous budgetary authorities.

## Developing countries—International development assistance

Interest-free or low interest bearing loans have been made through the Canadian International Development Agency to developing countries for international development assistance. Loans are recorded in part as expenses when the economic value of the loans is reduced due to their concessionary terms. No new loans have been issued since April 1, 1986.

The following table presents the balances and transactions for the loans made to developing countries, together with their terms and conditions of repayments.

All loans have been made in Canadian dollars and are therefore not subject to revaluations for foreign exchange fluctuations.

Similar assistance has been provided to developing countries by way of subscriptions and advances to the International Development Association, advances to the Global Environment Facility, and loans to other international financial institutions. These are reported later in this section under the heading "International Organizations".

In 2006-2007, the Government of Canada, as represented by the Canadian International Development Agency, entered into an agreement with the Government of Pakistan to forgive its outstanding $447,507,534 loan pursuant to Foreign Affairs and International Trade Vote 32c, *Appropriation Act No. 5, 2009-2010*. In order to expire its debt obligation, the Government of Pakistan will be required to make education sector investments that are equivalent to the current present value of its debt. According to the agreement, Pakistan's debt is to be written down proportionally by the Canadian International Development Agency as the investments are made in 2010-2011. The Government of Pakistan has invested in its education sector program and those investments permitted the Canadian International Development Agency to grant the Government of Pakistan a debt forgiveness equivalent to $48,790,835. Since 2009-2010, the Government of Pakistan's debt has been reduced by the total amount of $64,938,534.

| | April 1/2010 | Payments and other charges | Receipts and other credits [1] | March 31/2011 |
|---|---|---|---|---|
| | $ | $ | $ | $ |
| (a) 30 year term, 7 year grace period, 3.0 percent interest per annum, with final repayment in March 2005: | | | | |
| Cuba | 9,547,012 | | | 9,547,012 |
| (b) 35 year term, 4 year grace period, 5.0 percent interest per annum, semi-annual interest repayments with first principal repayment due January 2017 and final repayment in July 2026: | | | | |
| Egypt | 44,995,933 | | | 44,995,933 |
| (c) 50 year term, 10 year grace period, non-interest bearing, with final repayments between March 2015 and September 2035: | | | | |
| Algeria | 5,747,542 | | 427,721 | 5,319,821 |
| Argentina | 130,666 | | 18,666 | 112,000 |
| Bolivia | 508,741 | | 42,395 | 466,346 |
| Brazil | 188,221 | | 20,912 | 167,309 |
| Chile | 735,464 | | 98,062 | 637,402 |
| Colombia | 210,463 | | 26,307 | 184,156 |
| Dominican Republic | 3,178,330 | | 236,045 | 2,942,285 |
| Ecuador | 3,542,273 | | 304,919 | 3,237,354 |
| Guatemala | 1,681,250 | | 100,000 | 1,581,250 |
| Indonesia | 162,947,476 | | 9,222,221 | 153,725,255 |
| Malaysia | 1,356,883 | | 62,935 | 1,293,948 |
| Malta | 349,980 | | 25,000 | 324,980 |
| Mexico | 19,399 | | 2,771 | 16,628 |
| Morocco | 6,036,393 | | 586,001 | 5,450,392 |
| Myanmar (Burma) | 8,306,202 | | | 8,306,202 |
| Pakistan | 431,359,835 | | 48,790,835 | 382,569,000 |
| Paraguay | 129,975 | | 19,996 | 109,979 |
| Peru | 29,828 | | 3,728 | 26,100 |
| Philippines | 1,451,950 | | 97,160 | 1,354,790 |
| Sri Lanka | 75,498,889 | | 4,325,400 | 71,173,489 |
| Thailand | 16,245,432 | | 847,121 | 15,398,311 |
| Tunisia | 45,288,614 | | 3,295,729 | 41,992,885 |
| | *764,943,806* | | *68,553,924* | *696,389,882* |
| (d) 50 year term, 15 year grace period, non-interest bearing, with the final repayment in March 2023: | | | | |
| Algeria | 16,186,188 | | 1,245,092 | 14,941,096 |
| Subtotal | 835,672,939 | | 69,799,016 | 765,873,923 |
| Less: portion expensed due to concessionary terms | 531,531,230 | 46,754,774 | | 484,776,456 |
| Total | 304,141,709 | 46,754,774 | 69,799,016 | 281,097,467 |

Note: Grace period refers to interval from date of issuance of the loan to first repayment of loan principal.

(1) Receipts and other credits may include transactions such as repayments, forgiveness, etc.

## North Atlantic Treaty Organization—Damage claims recoverable

Article VIII of the NATO Status of Forces Agreement signed April 4, 1949, as amended, deals with claims for damages to third parties arising from accidents in which a member of a visiting force is involved. This account is charged with the amount recoverable from other states, for claims for damages which took place in Canada, and is credited with recoveries.

The advances are non-interest bearing and have no specific repayment terms.

## International Organizations

This group records Canada's subscriptions to the share capital of international banks. It also includes loans and advances to associations and other international organizations.

Canada's subscriptions to the share capital of a number of international banks are composed of both paid-in and callable capital. Subscriptions to international organizations do not provide a return on investment but are repayable on termination of the organization or withdrawal from it.

Paid-in capital subscriptions are made through a combination of cash payments and the issuance of non-interest bearing, non-negotiable notes payable to the organization. Although payable on demand, these notes are typically encashed according to terms of agreements reached between the organization and participating countries. Canada's subscriptions to the paid-in capital of these organizations are reported in Table 9.13.

Callable share capital is composed of resources that are not paid to the banks but act as a guarantee to allow them to borrow on international capital markets to finance their lending program. Callable share capital, which has never been drawn on by the banks, would only be utilized in extreme circumstances to repay loans, should a bank's reserves not be sufficient. It represents a contingent liability of the Government, and is listed with other contingent liabilities related to international organizations in Table 11.6 (Section 11 of this volume).

Most loans and advances to international organizations are made to banks and associations that use these funds to make loans to developing countries at significant concessionary terms. Loans made on a long-term, low-interest or interest-free basis, and investments in organizations that make similar loans, are recorded in full or in part as expenses when the economic value is reduced due to their concessionary terms.

Table 9.13 presents a summary of the balances and transactions for share capital, loans and advances to international organizations. The revaluation amount represents the conversion of foreign currency balances to the year-end closing rates of exchange. Balances denominated in United States dollars were converted to Canadian dollars at year-end exchange rate of ($1 US/$0.9696 Cdn).

Tables 11.4 and 11.6 (Section 11 of this volume) present additional information on contractual obligations and contingent liabilities for international organizations that are disclosed in the notes to the audited financial statements in Section 2 of this volume.

The notes payable outstanding at year end of $413,184,396 ($418,098,181 in 2010) are reported in Table 5.3 (Section 5 of this volume).

### TABLE 9.13

### INTERNATIONAL ORGANIZATIONS

| | | Payments and other charges | | Receipts and other credits | | |
|---|---|---|---|---|---|---|
| | April 1/2010 | Participation or other charges | Revaluation | Reimbursements or other credits | Revaluation | March 31/2011 |
| | $ | $ | $ | $ | $ | $ |
| Capital subscriptions[1]— | | | | | | |
| Finance— | | | | | | |
| European Bank for Reconstruction and Development | 219,613,591 | | | | 9,988,332 | 209,625,259 |
| International Bank for Reconstruction and Development (World Bank) | 341,088,258 | | | | 14,767,090 | 326,321,168 |
| International Finance Corporation | 82,627,204 | | | | 3,758,000 | 78,869,204 |
| Multilateral Investment Guarantee Agency | 10,901,820 | | | | 495,830 | 10,405,990 |
| | *654,230,873* | | | | *29,009,252* | *625,221,621* |
| Foreign Affairs and International Trade— | | | | | | |
| Canadian International Development Agency— | | | | | | |
| African Development Bank | 108,977,038 | | | | 2,084,777 | 106,892,261 |
| Asian Development Bank | 161,241,683 | 35,496,210 | | | 5,902,721 | 190,835,172 |
| Caribbean Development Bank | 20,031,610 | | | | 627,175 | 19,404,435 |
| Inter-American Development Bank | 182,983,885 | | | | 8,171,436 | 174,812,449 |
| | *473,234,216* | *35,496,210* | | | *16,786,109* | *491,944,317* |
| | *1,127,465,089* | *35,496,210* | | | *45,795,361* | *1,117,165,938* |

## TABLE 9.13

## INTERNATIONAL ORGANIZATIONS—*Concluded*

| | | Payments and other charges | | Receipts and other credits | | |
|---|---|---|---|---|---|---|
| | April 1/2010 | Participation or other charges | Revaluation | Reimbursements or other credits | Revaluation | March 31/2011 |
| | $ | $ | $ | $ | $ | $ |
| Loans and advances— | | | | | | |
| Finance— | | | | | | |
| Global Environment Facility[2] | 10,000,000 | | | | | 10,000,000 |
| International Development Association[2] | 8,580,218,061 | 384,280,000 | | | | 8,964,498,061 |
| International Finance Corporation—Financial Mechanism for Climate Change Facility | | 268,576,800 | | | | 268,576,800 |
| International Finance Corporation—Global Agriculture and Food Security Program | 48,000,000 | | | | | 48,000,000 |
| International Finance Corporation—Global Trade Liquidity Program | 203,160,000 | | | | 9,240,000 | 193,920,000 |
| International Monetary Fund—Poverty Reduction and Growth Trust[1] | 181,965,051 | 43,782,930 | 14,219 | 81,620,571 | | 144,141,629 |
| | *9,023,343,112* | *696,639,730* | *14,219* | *81,620,571* | *9,240,000* | *9,629,136,490* |
| Foreign Affairs and International Trade— | | | | | | |
| International organizations and associations[1]— | | | | | | |
| Berne Union of the World Intellectual Property Organization | 39,192 | | | | | 39,192 |
| Customs Co-operation Council | 9,662 | | | | | 9,662 |
| Food and Agriculture Organization | 1,051,200 | | | | | 1,051,200 |
| General Agreement on Tariffs and Trade | 48,806 | | | | | 48,806 |
| International Atomic Energy Agency | 447,110 | | | | | 447,110 |
| International Civil Aviation Organization | 200,429 | | | | | 200,429 |
| International Maritime Organization | 2,202 | | | | | 2,202 |
| Paris Union of the World Intellectual Property Organization | 100,989 | | | | | 100,989 |
| United Nations Educational, Scientific and Cultural Organization | 872,987 | | | | | 872,987 |
| United Nations organizations | 3,632,480 | | | | | 3,632,480 |
| World Health Organization | 181,122 | | | | | 181,122 |
| | *6,586,179* | | | | | *6,586,179* |
| Canadian International Development Agency— | | | | | | |
| International financial institutions[2]— | | | | | | |
| African Development Bank | 1,343,896 | | | 125,001 | | 1,218,895 |
| African Development Fund | 2,116,190,408 | 100,800,000 | | | 3,464,997 | 2,213,525,411 |
| Andean Development Corporation | 1,687,500 | | | 125,000 | | 1,562,500 |
| Asian Development Bank—Special | 27,027,000 | | | | | 27,027,000 |
| Asian Development Fund | 2,019,744,385 | 47,690,124 | | | | 2,067,434,509 |
| Caribbean Development Bank—Agricultural Development Fund | 2,000,000 | | | | | 2,000,000 |
| Caribbean Development Bank—Commonwealth Caribbean Regional | 4,063,200 | | | | 184,800 | 3,878,400 |
| Caribbean Development Bank—Special | 231,968,665 | 17,585,000 | | | 579,810 | 248,973,855 |
| Central American Bank for Economic Integration | 573,780 | | | 76,500 | | 497,280 |
| Global Environment Facility Trust Fund | 505,319,561 | 56,750,439 | | | | 562,070,000 |
| Inter-American Development Bank—Fund for Special Operations | 338,739,930 | 864,363 | | | 8,347,331 | 331,256,962 |
| International Bank for Reconstruction and Development | 20,316,000 | | | | 924,000 | 19,392,000 |
| International Fund for Agriculture Development | 279,383,396 | 12,500,000 | | | | 291,883,396 |
| International Monetary Fund | 11,142,749 | | | | 506,787 | 10,635,962 |
| Montreal Protocol Multilateral Fund | 80,776,643 | 3,834,018 | | | 1,232,821 | 83,377,840 |
| Multilateral Investment Fund | 39,806,839 | 6,316,666 | | | | 46,123,505 |
| | *5,680,083,952* | *246,340,610* | | *326,501* | *15,240,546* | *5,910,857,515* |
| | *14,710,013,243* | *942,980,340* | *14,219* | *81,947,072* | *24,480,546* | *15,546,580,184* |
| Subtotal | 15,837,478,332 | 978,476,550 | 14,219 | 81,947,072 | 70,275,907 | 16,663,746,122 |
| Less: portion expensed due to concessionary terms | 2,252,274 | 166,492 | | | | 2,085,782 |
| Total | 15,835,226,058 | 978,643,042 | 14,219 | 81,947,072 | 70,275,907 | 16,661,660,340 |

(1) Loans and investments made prior to April 1, 1986 which were authorized by non-budgetary authorities.

(2) Loans and investments made since April 1, 1986 which were authorized by budgetary authorities.

### European Bank for Reconstruction and Development

This account records Canada's subscriptions to the capital of the European Bank for Reconstruction and Development (EBRD), as authorized by the *European Bank for Reconstruction and Development Agreement Act*, and various appropriation acts.

At year end, Canada has subscribed to 71,435 shares of the EBRD's authorized capital valued at 714,350,000 EUR. Included in this amount are 3,435 shares with a value of 34,350,000 EUR that were transfered to Canada during the year from EBRD reserves.

Only 212,850,000 EUR or about 30 percent of Canada's share subscription is considered "paid-in". The balance is callable meaning the institution can request the resources in the unlikely event that it requires them to meet its financial obligations to bondholders. Payments for the share subscription are authorized by the Act. Each payment to the EBRD is comprised of cash and a promissory note.

Canada's contingent liability for the callable portion of its shares was 501,500,000 EUR.

Up to and including March 31, 2011, Canada's total cash contributions into the "paid-in" capital of the EBRD total $216,197,668 US.

### International Bank for Reconstruction and Development (World Bank)

This account records Canada's subscriptions to the capital of the International Bank for Reconstruction and Development, as authorized by the *Bretton Woods and Related Agreements Act*, and various appropriation acts.

As at March 31, 2011, Canada has subscribed to 44,795 shares. The total value of these shares is $5,403,844,825 US, of which $319,633,987 US plus $16,404,055 Cdn has been paid-in. The remaining portion is callable.

The callable portion is subject to call by the Bank under certain circumstances. Canada's contingent liability for the callable portion of its shares is $5,069 million US.

### International Finance Corporation

This account records Canada's subscriptions to the capital of the International Finance Corporation, which is part of the World Bank Group, as authorized by the *Bretton Woods and Related Agreements Act*, and various appropriation acts.

As at March 31, 2011, Canada has subscribed to 81,342 shares. These shares have a total value of $81,342,000 US, all of which has been paid-in.

### Multilateral Investment Guarantee Agency

This account records Canada's subscriptions to the capital of the Multilateral Investment Guarantee Agency, as authorized by the *Bretton Woods and Related Agreements Act*, and various appropriation acts.

As at March 31, 2011, Canada has subscribed to 5,225 shares. The total value of these shares is $56,534,500 US, of which $10,732,250 US is paid-in and the remaining portion is callable.

The callable portion is subject to call by the Agency under certain circumstances. Canada's contingent liability for the callable portion of its shares is $45,802,250 US.

### African Development Bank

This account records Canada's subscriptions to the capital of the African Development Bank, as authorized by the *International Development (Financial Institutions) Assistance Act*, and various appropriation acts.

At year end, authority had been granted for subscriptions of 18,016 paid-in shares and 390,952 callable shares. Paid-in shares are purchased using cash and notes payable that are later encashed.

As at March 31, 2011, Canada's participation to the paid-in capital is $106,892,261 Cdn for 8,175 paid-in shares and of these paid-in shares, 2,100 were issued in US dollars.

The callable shares are subject to call by the Bank under certain circumstances. Canada's contingent liability for callable shares has a current value of $984,917,646 Cdn and $5,012,276,702 US for a total value of $5,844,821,136 Cdn.

### Asian Development Bank

This account records Canada's subscriptions to the capital of the Asian Development Bank, as authorized by the *International Development (Financial Institutions) Assistance Act*, and various appropriation acts.

At year end, authority had been granted for subscriptions of 27,768 paid-in shares and 527,490 callable shares. Paid-in shares are purchased using cash and notes payable that are later encashed.

As at March 31, 2011, Canada's participation to the paid-in capital is $190,835,172 Cdn for 15,922 paid-in shares. Of these paid-in shares, 13,552 were issued in US dollars.

The callable shares are subject to call by the Bank under certain circumstances. Canada's contingent liability for callable shares has a current value of $5,820,156,210 US and $596,976,219 Cdn for a total value of $6,240,199,681 Cdn.

### Caribbean Development Bank

This account records Canada's subscriptions to the capital of the Caribbean Development Bank, as authorized by the *International Development (Financial Institutions) Assistance Act*, and various appropriation acts.

At year end, authority had been granted for subscriptions of 5,710 paid-in shares and 20,294 callable shares. Paid-in shares are purchased using cash and notes payable that are later encashed.

As at March 31, 2011, Canada's participation to the paid-in capital is $19,404,435 Cdn for 2,278 paid-in shares. These shares were issued in US dollars.

The callable shares are subject to call by the Bank under certain circumstances. Canada's contingent liability for callable shares has a current value of $122,408,132 US for a total value of $118,686,924 Cdn.

### Inter-American Development Bank

This account records Canada's subscriptions to the capital of the Inter-American Development Bank, as authorized by the *International Development (Financial Institutions) Assistance Act*, and various appropriation acts.

At year end, authority had been granted for subscriptions of 14,397 paid-in shares and 655,377 callable shares. Paid-in shares are purchased using cash and notes payable that are later encashed.

As at March 31, 2011, Canada's participation to the paid-in capital is $174,812,449 Cdn for 14,397 paid-in shares. These shares were issued in US dollars.

The callable shares are subject to call by the Bank under certain circumstances. Canada's contingent liability for callable shares has a current value of $7,866,208,680 US for a total value of $7,627,075,936 Cdn.

### Global Environment Facility

This account records the funding of a facility for environmental funding in developing countries in the areas of ozone, climate change biodiversity and international waters as authorized by the *Bretton Woods and Related Agreements Act*, and various appropriation acts. Advances to the Global Environment Facility (GEF) are made in non-negotiable, non-interest bearing demand notes that are later encashed.

As at March 31, 2011, advances to the GEF amounted to $10,000,000 Cdn.

### International Development Association

This account records Canada's contributions and subscriptions to the International Development Association (IDA), as authorized by the *Bretton Woods and Related Agreements Act*, and various appropriation acts (including Finance Vote L10, *Appropriation Act No. 2, 2010-2011*). The contributions and subscriptions to the Association, which is part of the World Bank Group, are used to lend funds to the poorest developing countries for development purposes, on highly favourable terms (no interest, with a 35 to 40 year maturity and 10 years of grace). Contributions and subscriptions to IDA are made in non-negotiable, non-interest bearing demand notes that are later encashed.

During the year, transactions included participation through the issuance of notes payable.

As at March 31, 2011, Canada's total participation in IDA amounted to $8,964,498,061 Cdn.

### International Finance Corporation—Financial Mechanisms for Climate Change Facility

This account records Canada's financial support of the International Finance Corporation's (IFC)—Financial Mechanisms for Climate Change (FMCC) facility as authorized by the *Bretton Woods and related Agreements Act and various appropriation acts* (including Finance Vote L12b, *Appropriation Act No. 4, 2010-2011*). The FMCC supports private sector engagement in climate change mitigation and adaptation activities through the provision of concessional financing arrangements.

As at March 31, 2011, advances to the IFC-FMCC amounted to $268,576,800 Cdn. Amounts are recovered through the FMCC trust mechanism based on the terms and conditions of project funding which is administered by the IFC in accordance with the administration agreement signed between the IFC and the Government of Canada.

### International Finance Corporation—Global Agriculture and Food Security Program

This account records Canada's financial assistance to the International Finance Corporation (IFC) for participation in the G8 Food Security Initiative (FSI) as authorized by the *Bretton Woods and related Agreements Act* and various appropriation acts.

As at March 31, 2011, advances to the IFC-FSI amounted to $48,000,000 Cdn.

### International Finance Corporation—Global Trade Liquidity Program

This account records Canada's financial assistance to the International Finance Corporation (IFC) for participation in the Global Trade Liquidity Program (GTLP) as authorized by the *Bretton Woods and related Agreements Act* and various appropriation acts.

As at March 31, 2011, advances to the IFC-GTLP amounted to $200,000,000 US.

### International Monetary Fund—Poverty Reduction and Growth Trust

This account records the loan to the International Monetary Fund's Poverty Reduction and Growth Trust (formerly the Poverty Reduction and Growth Facility) in order to provide assistance to qualifying low-income countries as authorized by the *Bretton Woods and Related Agreements Act*, and various appropriation acts.

The total loan authority pursuant to the *Bretton Woods and Related Agreements Act* was set at $550 million or such greater amount as may be fixed by the Governor in Council. The Governor in Council subsequently increased the limit to SDR 1.2 billion.

As at March 31, 2011, Canada has lent a total of 728,520,000 SDR to the Poverty Reduction and Growth Trust. Of this amount, 634,757,150 SDR has been repaid.

The outstanding balance of 93,762,850 SDR was translated into Canadian dollars at the year-end closing rate of exchange (1 SDR /$1.5373 Cdn). During the year, transactions included repayments and an exchange valuation adjustment.

Separately, Canada has also made budgetary contributions towards an interest subsidy amounting to 215,157,946 SDR, which do not appear in Table 9.13.

## International organizations and associations

These items represent the historical value of payments made by the Canadian Government to working capital funds maintained by international organizations of which Canada is a member. Participation in the financing of these working capital funds, on the basis of the scale of assessments, is prescribed by financial regulations for membership in the organizations. Payments into the funds are not subject to interest or repayment schedules, but are recorded by the organizations as credits from member states. Payments by Canada were authorized by appropriation acts.

## International financial institutions

This account records loans and advances for assistance to international financial institutions, as authorized by the *International Development (Financial Institutions) Assistance Act*, and various appropriation acts (including Foreign Affairs and International Trade Votes L30, L30b and L32b, *Appropriation Acts No. 2 and No. 4, 2010-2011*).

In certain cases, loans and advances are made using notes payable that are later encashed. During the year, transactions included loans and advances made in cash and through note issuances, encashments of notes issued in previous years and revaluations for foreign currency fluctuations.

## Provincial and Territorial Governments

This category records loans to provinces and territories made under relief acts and other legislation.

Loans made on a long-term, low-interest or interest-free basis are recorded in part as expenses when the economic value of these loans is reduced due to their concessionary terms.

Table 9.14 presents a summary of the balances and transactions for the various types of loans and advances that have been made to provincial and territorial governments.

### TABLE 9.14

### PROVINCIAL AND TERRITORIAL GOVERNMENTS

| | April 1/2010 | Payments and other charges | Receipts and other credits | March 31/2011 |
|---|---|---|---|---|
| | $ | $ | $ | $ |
| NEWFOUNDLAND AND LABRADOR— | | | | |
| Finance— | | | | |
| Federal-provincial fiscal arrangements | 384,806,468 | | 18,936,408 | 365,870,060 |
| Municipal Development and Loan Board | 315,626 | | | 315,626 |
| Winter capital projects fund | 2,836,758 | | | 2,836,758 |
| Total Newfoundland and Labrador | 387,958,852 | | 18,936,408 | 369,022,444 |
| NOVA SCOTIA— | | | | |
| Finance— | | | | |
| Federal-provincial fiscal arrangements | 199,918,704 | | 33,319,824 | 166,598,880 |
| Total Nova Scotia | 199,918,704 | | 33,319,824 | 166,598,880 |
| PRINCE EDWARD ISLAND— | | | | |
| Finance— | | | | |
| Federal-provincial fiscal arrangements | 22,792,832 | | 3,798,792 | 18,994,040 |
| Winter capital projects fund | 63,079 | | | 63,079 |
| Total Prince Edward Island | 22,855,911 | | 3,798,792 | 19,057,119 |
| NEW BRUNSWICK— | | | | |
| Finance— | | | | |
| Federal-provincial fiscal arrangements | 124,993,136 | | 20,832,216 | 104,160,920 |
| Industry— | | | | |
| Atlantic Provinces Power Development Act | 244,344 | 21,461 | 265,805 | |
| Total New Brunswick | 125,237,480 | 21,461 | 21,098,021 | 104,160,920 |
| QUEBEC— | | | | |
| Finance— | | | | |
| Federal-provincial fiscal arrangements | 1,340,311,168 | 169,853,250 | 237,734,208 | 1,272,430,210 |
| Total Quebec | 1,340,311,168 | 169,853,250 | 237,734,208 | 1,272,430,210 |
| ONTARIO— | | | | |
| Finance— | | | | |
| Mutual fund capital gain refund overpayments | 531,983,046 | | 132,995,761 | 398,987,285 |
| Total Ontario | 531,983,046 | | 132,995,761 | 398,987,285 |

## TABLE 9.14

## PROVINCIAL AND TERRITORIAL GOVERNMENTS—*Concluded*

| | April 1/2010 | Payments and other charges | Receipts and other credits | March 31/2011 |
|---|---|---|---|---|
| | $ | $ | $ | $ |
| MANITOBA— | | | | |
| Finance— | | | | |
| Federal-provincial fiscal arrangements | 28,185,016 | | 4,697,496 | 23,487,520 |
| Mutual fund capital gain refund overpayments | 36,382,088 | | 9,095,522 | 27,286,566 |
| Total Manitoba | 64,567,104 | | 13,793,018 | 50,774,086 |
| SASKATCHEWAN— | | | | |
| Finance— | | | | |
| Federal-provincial fiscal arrangements | 274,850,976 | | 23,660,208 | 251,190,768 |
| Total Saskatchewan | 274,850,976 | | 23,660,208 | 251,190,768 |
| ALBERTA— | | | | |
| Finance— | | | | |
| Federal-provincial fiscal arrangements | 13,783,784 | | 2,297,304 | 11,486,480 |
| Total Alberta | 13,783,784 | | 2,297,304 | 11,486,480 |
| BRITISH COLUMBIA— | | | | |
| Finance— | | | | |
| Federal-provincial fiscal arrangements | 360,582,584 | | 60,097,104 | 300,485,480 |
| Total British Columbia | 360,582,584 | | 60,097,104 | 300,485,480 |
| Subtotal | 3,322,049,609 | 169,874,711 | 547,730,648 | 2,944,193,672 |
| Less: portion expensed due to concessionary terms | 385,350,375 | 120,850,513 | | 264,499,862 |
| Total | 2,936,699,234 | 290,725,224 | 547,730,648 | 2,679,693,810 |

### Federal-provincial fiscal arrangements

These amounts represent net overpayments in respect of provincial equalization entitlements under the *Constitution Acts 1867 to 1982*, the *Federal-Provincial Fiscal Arrangements Act*, and other statutory authority. The underpayments are non-interest bearing and are paid in subsequent years.

### Municipal Development and Loan Board

Loans have been made, to provinces and municipalities, to augment or accelerate municipal capital works programs.

The loans bear interest at rates from 5.25 percent to 5.375 percent per annum, and are repayable in annual or semi-annual instalments over 15 to 50 years, with final instalments due between April 1, 2011 and March 1, 2012.

### Winter capital projects fund

Loans have been made, to provinces, provincial agencies and municipalities, to assist in the creation of employment.

The loans bear interest at rates from 7.4 percent to 9.5 percent per annum, and are repayable either in annual instalments over 5 to 20 years, or at maturity.

### Atlantic Provinces Power Development Act

Loans have been made to the Atlantic provinces, to assist in the generation of electrical energy by steam driven generators in the provinces, and in the control and transmission of electric energy.

The loans beared interest at rates from 4.5 percent to 8.5 percent per annum, and were repayable in annual instalments, with final instalment received March 31, 2011.

During the year, the account was closed.

### Mutual fund capital gain refund overpayments

These amounts represent overpayments made to provinces under tax collection agreements for tax years 1997 to 1999 stemming from the misclassification of mutual fund trust capital gains refunds. Recoveries are non-interest bearing and will take place over a 10-year period which started in 2004-2005.

## Other Loans, Investments and Advances

This group records loans, investments and advances not classified elsewhere.

Table 9.15 presents a summary of the balances and transactions for the various types of other loans, investments and advances.

### TABLE 9.15

### OTHER LOANS, INVESTMENTS AND ADVANCES

| | April 1/2010 | Payments and other charges | Receipts and other credits | March 31/2011 |
|---|---|---|---|---|
| | $ | $ | $ | $ |
| Unconditionally repayable contributions— | | | | |
| Agriculture and Agri-Food | | 35,450,181 | | 35,450,181 |
| Atlantic Canada Opportunities Agency | 327,069,982 | 58,329,326 | 45,293,376 | 340,105,932 |
| Economic Development Agency of Canada for the Regions of Quebec | 283,324,121 | 110,069,259 | 40,742,100 | 352,651,280 |
| Federal Economic Development Agency for Southern Ontario | 14,455,571(1) | 66,832,076 | 23,431 | 81,264,216 |
| Indian Affairs and Northern Development | 1,007,500 | | | 1,007,500 |
| Industry | 393,353,577 | 84,726,794 | 7,995,820 | 470,084,551 |
| Western Economic Diversification | 33,527,134 | 15,041,325 | 11,506,822 | 37,061,637 |
| Subtotal | 1,052,737,885 | 370,448,961 | 105,561,549 | 1,317,625,297 |
| Less: portion expensed due to concessionary terms | 32,736,681 | 18,364,984 | 154,296,562 | 168,668,259 |
| Total—Unconditionally repayable contributions | 1,020,001,204 | 388,813,945 | 259,858,111 | 1,148,957,038 |
| Loans and accountable advances— | | | | |
| Foreign Affairs and International Trade— | | | | |
| Missions abroad | 26,408,724 | 215,777,541 | 203,255,060 | 38,931,205 |
| Personnel posted abroad | 20,536,484 | 14,630,546 | 13,363,114 | 21,803,916 |
| | *46,945,208* | *230,408,087* | *216,618,174* | *60,735,121* |
| National Defence— | | | | |
| Imprest accounts, standing advances and authorized loans | 44,920,134 | 738,043,588 | 741,813,034 | 41,150,688 |
| Other departments— | | | | |
| Miscellaneous accountable advances | 16,294,100(2) | 4,411,975 | 56,632 | 20,649,443 |
| Miscellaneous accountable imprest funds and standing advances | 16,554,689(2) | | 471,513 | 16,083,176 |
| | *32,848,789* | *4,411,975* | *528,145* | *36,732,619* |
| Total—Loans and accountable advances | 124,714,131 | 972,863,650 | 958,959,353 | 138,618,428 |
| Other— | | | | |
| Agriculture and Agri-Food— | | | | |
| Construction of multi-purpose exhibition buildings | 52,323 | | 16,730 | 35,593 |
| Hog Industry Loan Loss Reserve Program | | 246,409,109 | 2,608,622 | 243,800,487 |
| National Marketing Programs | 144,518,440 | 11,010,378 | | 155,528,818 |
| | *144,570,763* | *257,419,487* | *2,625,352* | *399,364,898* |
| Citizenship and Immigration— | | | | |
| Immigration loans | 37,988,478 | 11,636,425 | 10,538,798 | 39,086,105 |
| Finance— | | | | |
| Canadian Commercial Bank | 42,252,429 | | 50,136 | 42,202,293 |
| Financial Consumer Agency of Canada— Advances | | 7,000,000 | 7,000,000 | |
| | *42,252,429* | *7,000,000* | *7,050,136* | *42,202,293* |
| Fisheries and Oceans— | | | | |
| Canadian producers of frozen groundfish | 128,315 | | | 128,315 |
| Haddock fishermen | 1,343,337 | | | 1,343,337 |
| | *1,471,652* | | | *1,471,652* |
| Foreign Affairs and International Trade— | | | | |
| Support and development of trade (loans administered by Export Development Canada) | 6,278,941,333 | 20,551,429 | 1,539,195,658 | 4,760,297,104 |
| Human Resources and Skills Development— | | | | |
| Canada Student Loans Program | 12,956,047,442 | 2,649,955,502 | 1,640,833,280 | 13,965,169,664 |
| Provincial workers' compensation boards | 13,110,001 | | 50,000 | 13,060,001 |
| | *12,969,157,443* | *2,649,955,502* | *1,640,883,280* | *13,978,229,665* |

## TABLE 9.15

## OTHER LOANS, INVESTMENTS AND ADVANCES—*Concluded*

| | April 1/2010 | Payments and other charges | Receipts and other credits | March 31/2011 |
|---|---|---|---|---|
| | $ | $ | $ | $ |
| Indian Affairs and Northern Development— | | | | |
| Aboriginal Business Loan Insurance Program | 7,191,713 | | 7,191,713 | |
| Council of Yukon First Nations—Elders | 6,702,320 | | 592,610 | 6,109,710 |
| Farm Credit Canada Guarantee Loans Program | 123,646 | | 19,951 | 103,695 |
| First Nations in British Columbia | 395,879,282 | 25,235,812 | 314,692 | 420,800,402 |
| Indian Economic Development Fund | 46,427 | | | 46,427 |
| Indian Economic Development Guarantee Loans Program | 3,164,677 | | 27,622 | 3,137,055 |
| Inuit Loan Fund | 78,020 | | 5,657 | 72,363 |
| Native Claimants | 447,628,910 | 36,805,964 | 38,522,057 | 445,912,817 |
| On Reserve Housing Guarantee Loans Program | 10,277,655 | 1,746,180 | 197,162 | 11,826,673 |
| Stoney Band Perpetual Loan | 389,615 | | | 389,615 |
| | *871,482,265* | *63,787,956* | *46,871,464* | *888,398,757* |
| Industry— | | | | |
| Company stock option | | | | |
| Manufacturing, processing and service industries in Canada | 110,000,000 | | | 110,000,000 |
| Other Business loans | 130,569,613 | 80,030,463 | 113,079,441 | 97,520,635 |
| National Research Council of Canada—H.L. Holmes Fund | 4,514,973 | 115,660 | | 4,630,633 |
| | *245,084,586* | *80,146,123* | *113,079,441* | *212,151,268* |
| Natural Resources— | | | | |
| Nordion International Inc. | 62,000,000 | | 4,000,000 | 58,000,000 |
| Public Safety and Emergency Preparedness— | | | | |
| Correctional Service of Canada—Parolees | 3,000 | 2,303 | 1,360 | 3,943 |
| Public Works and Government Services— | | | | |
| Seized Property Working Capital Account | 18,742,154 | 45,012,377 | 55,385,924 | 8,368,607 |
| Transport— | | | | |
| Greater Victoria Harbour Authority | | 2,322,149 | | 2,322,149 |
| Saint John Harbour Bridge Authority | 22,646,108 | | | 22,646,108 |
| St. Lawrence Seaway Management Corporation | 77,474 | | | 77,474 |
| | *22,723,582* | *2,322,149* | | *25,045,731* |
| Treasury Board— | | | | |
| Joint Learning Program | 1,054,177 | 2,497,029 | 2,987,418 | 563,788 |
| Veterans Affairs— | | | | |
| Commonwealth War Graves Commission | 46,242 | 426[3] | | 46,668 |
| Veterans' Land Act Fund—Advances | 10,364 | | 3,704 | 6,660 |
| | *56,606* | *426* | *3,704* | *53,328* |
| Other departments— | | | | |
| Miscellaneous | 417,489 | 63,793 | 7,299 | 473,983 |
| Subtotal—Other | 20,695,945,957 | 3,140,394,999 | 3,422,629,834 | 20,413,711,122 |
| Less: portion expensed due to concessionary terms and other discounts | 207,105,072 | 13,406,279 | 753,745 | 194,452,538 |
| | 20,488,840,885 | 3,153,801,278 | 3,423,383,579 | 20,219,258,584 |
| Add: consolidation adjustment [4] | 3,693,061,000 | | 328,703,000 | 3,364,358,000 |
| Total—Other | 24,181,901,885 | 3,153,801,278 | 3,752,086,579 | 23,583,616,584 |
| Total | 25,326,617,220 | 4,515,478,873 | 4,970,904,043 | 24,871,192,050 |

(1) Amount previously reported under the Department of Industry.
(2) Opening balance has been adjusted to conform to the current year's presentation.
(3) This amount represents a revaluation adjustment.
(4) Additional information on consolidated Crown corporations and other entities is also provided in Section 4 of this volume.

### Unconditionally repayable contributions

Unconditionally repayable contributions are, in substance loans, and are generally made to businesses pursuant to various Acts of Parliament, with various amounts outstanding.

These loans are aimed at stimulating economic development or for assistance. They bear various interest rates, some of which have concessional terms, and are repayable at various due dates with final instalments due within up to 10 years of initial disbursement.

Loans made on a long-term, low-interest or interest-free basis are recorded in part as expenses when the economic value of the loans is reduced due to their concessionary terms.

### Missions abroad

Non-interest bearing advances have been made for interim financing of expenses at missions abroad, pending distribution to appropriations of Foreign Affairs and International Trade and other departments and agencies.

The total amount authorized to be outstanding at any time is $50,000,000.

### Personnel posted abroad

A working capital advance account was established to finance loans and advances to employees posted abroad, including employees of other Government departments and agencies, as well as medical advances to locally-engaged staff.

The total amount authorized to be outstanding at any time is $38,200,000, as last amended by Foreign Affairs and International Trade Vote L12c, *Appropriation Act No. 5, 2009-2010*.

The closing balance consists of loans to employees, $17,477,566; advances for medical expenses, $1,467,099; advances for workmen's compensation, $25,190; security and other deposits under Foreign Service Directives, $915,268 and, school and club debentures, $1,918,793.

The loans to employees bear interest at rates from 0.75 percent to 5.0 percent per annum, and are repayable within 4 years, with final instalments between April 1, 2011 and March 1, 2015.

### Imprest accounts, standing advances and authorized loans

This account was established for the purpose of financing: *(a)* public funds imprest and public funds advance accounts; *(b)* standing advances; *(c)* authorized loans and advances to employees posted abroad; and, *(d)* authorized recoverable advances to establish military messes and canteens.

The total amount authorized to be outstanding at any time is $120,000,000, as last amended by National Defence Vote L11b, *Appropriation Act No. 4, 2001-2002*.

### Miscellaneous accountable advances

The closing balance reflects amounts outstanding in the hands of departments, agencies and individuals, at year end, to be expended in the following year.

### Miscellaneous accountable imprest funds and standing advances

This account is operated to provide imprest funds, accountable advances and recoverable advances to departments and agencies.

The total amount authorized to be outstanding at any time is $22,000,000.

### Construction of multi-purpose exhibition buildings

The remaining loan has been made to finance the construction of a multi-purpose exhibition building.

### Hog Industry Loan Loss Reserve Program

Loans made by financial institutions under the Hog Industry Loan Loss Reserve Program are partially guaranteed by the Crown. Where the producers have defaulted and the lenders have carried out regular collection activities, the Crown becomes subrogated to the lender's rights against the producer in default, to the extent of an amount equal to the withdrawal from the Reserve Fund.

### National Marketing Programs

Loans made by financial institutions under the *Canadian Agricultural Loans Act* and advances made by producer organizations under the *Agricultural Marketing Programs Act* are guaranteed by the Crown. Where the guarantee is honoured, the Crown becomes subrogated to the financial institution's or producer organization's rights to outstanding principal, interest and costs.

### Immigration loans

Section 88 of the *Immigration and Refugee Protection Act* authorizes the making of loans for the purpose of the Act.

The total amount authorized to be outstanding at any time is $110,000,000.

The terms and conditions of the loans, with their year-end balances, are as follows:

*(a)* repayable by monthly instalments over 1 to 6 years, with a possible deferment of 2 years, bearing interest at rates from 1.75 percent to 10.733 percent per annum, with final instalments between April 1, 2011 and April 1, 2017, $38,937,891; and,

*(b)* repayable by monthly instalments over 1 to 6 years, with a possible deferment of 2 years, non-interest bearing, with final instalments past due, $148,214.

### Canadian Commercial Bank

Advances have been made to the Canadian Commercial Bank representing the Government's participation in the support group as authorized by the *Canadian Commercial Bank Financial Assistance Act*. These funds represent the Government's participation in the loan portfolio that was acquired from the Bank and the purchase of outstanding debentures from existing holders.

### Financial Consumer Agency of Canada—Advances

Interest-bearing advances have been made to defray the cost of operation of the Agency pursuant to Section 13(1) of the *Financial Consumer Agency of Canada Act*.

During the year, the advances were repaid in full.

### Canadian producers of frozen groundfish

Loans have been made to Canadian producers of frozen groundfish, canned and frozen crabmeat, and canned and frozen lobster meat, to assist in the financing of inventories.

The loans bore interest at the rate of 13 percent per annum, and were repayable in equal annual instalments over 7 years, with the final instalment in December 1987. These loans are deemed unrecoverable and parliamentary authority is required to write off the balance.

### Haddock fishermen

Loans have been made to Nova Scotia haddock fishermen whose fishery was closed from February 1 to May 31, 1975, pursuant to an agreement under the International Agreement for the Northwest Atlantic Fisheries. The total loan authority is $1,650,000.

The loans bore interest at the rate of 8 percent per annum, and were repayable in equal annual instalments over 4 years, with the final instalment in 1979. These loans are deemed unrecoverable and parliamentary authority is required to write off the balance.

### Support and development of trade

Pursuant to section 23 of the *Export Development Act*, the Minister for International Trade, with the concurrence of the Minister of Finance, may authorize Export Development Canada ("the Corporation") to enter into certain transactions or class of transactions where the Minister is of the opinion it is in the national interest and where the Corporation has advised the Minister that it will not enter into such transactions without such authorization. Funding for such transactions is provided by the Minister of Finance out of the Consolidated Revenue Fund and the transactions are administered by the Corporation on behalf of the Government of Canada.

The *Budget Implementation Act, 2009*, amended the *Export Development Act* to expand the mandate of the Corporation for a two-year period to include the support and development of domestic trade, in addition to its traditional mandate related to export trade. In March 2011, the Government by way of Order-in-Council extended the period to March 12, 2012. During the year, no transactions were entered into in the support and development of domestic trade.

Loan transactions with longer repayment terms and/or low or zero interest rates are recorded in part as expenses when the economic value is reduced due to such concessionary terms.

Tables 11.4 and 11.5 (Section 11 of this volume) present additional information on contractual obligations and guarantees that are disclosed in the notes to the audited financial statements in Section 2 of this volume.

The following table presents the balances and transactions for loans made to non-sovereign entities, together with their terms and conditions of repayments.

| | | Payments and other charges | | Receipts and other credits | | |
|---|---|---|---|---|---|---|
| | April 1/2010 | Payments or other charges [1] | Revaluation | Receipts or other credits [2] | Revaluation | March 31/2011 |
| | $ | $ | $ | $ | $ | $ |
| **Export Trade** | | | | | | |
| (a) 1 to 5 year term, interest based on the higher of 3.0 percent or Canadian Dealer Offered Rate (CDOR), plus 9.75 percent interest per annum, with final repayments in May 2011: | | | | | | |
| Canada | 100,000,000 | | | 100,000,000 | | |
| (b) 6 to 10 year term, 8.28 percent to 10.28 percent interest per annum, with final repayments between February 2008 and April 2011: | | | | | | |
| Antigua | 16,813,671 | | 123,283 | 8,845,489 | | 8,091,465 |
| (c) 11 to 15 year term, 8.5 percent to 10.5 percent interest per annum, with final repayments in February 1995: | | | | | | |
| Brazil | 3,358,238 | | | | 151,610 | 3,206,628 |
| (d) 11 to 15 year term, interest based on London Interbank Offered Rate (LIBOR), plus a range of rates from 6.5 percent to 11.0 percent per annum, with final repayments between January 2021 and January 2023: | | | | | | |
| Cyprus | 76,176,226 | | | | 3,439,031 | 72,737,195 |
| Norway | 199,384,499 | | | | 9,001,358 | 190,383,141 |
| | *275,560,725* | | | | *12,440,389* | *263,120,336* |
| (e) 11 to 15 year term, comprised of several loans with fixed or variable interest rates currently ranging from 2.44 percent to 4.18 percent per annum, with final repayments between May 2021 and November 2022: | | | | | | |
| Sweden | 128,257,413 | 18,277,484 | | 9,462,272 | 6,265,651 | 130,806,974 |
| (f) 16 to 20 year term, comprised of several loans with fixed or variable interest rates currently ranging from 1.85 percent to 5.89 percent per annum, with final repayments between December 2017 and March 2023: | | | | | | |
| United States | 1,555,789,218 | | | 178,282,680 | 62,991,626 | 1,314,514,912 |
| (g) 16 to 20 year term, 0 percent interest per annum, with final repayments between June 2012 and November 2014: | | | | | | |
| Singapore | 1,244,110 | | | 502,373 | 28,971 | 712,766 |
| Spain | 15,192,167 | | | 646,964 | 3,908 | 14,541,295 |
| | *16,436,277* | | | *1,149,337* | *32,879* | *15,254,061* |
| (h) Term loan, interest based on the higher of 2.0 percent or CDOR, plus 5.0 percent interest per annum, with final repayments in July 2017: | | | | | | |
| Canada | 2,779,217,209 | | | 1,095,855,055 | | 1,683,362,154 |
| (i) Term loan, interest based on the higher of 2.0 percent or LIBOR, plus a range of rates from 3.0 percent to 8.0 percent interest per annum, with final repayments between June 2009 and July 2010: | | | | | | |
| Unites States | 1,410,904,441 | | | | 63,703,043 | 1,347,201,398 |
| Insurance claims paid during the year: | | | | | | |
| United States | 263,510 | | | | 15,627 | 247,883 |
| Subtotal | 6,286,600,702 | 18,277,484 | 123,283 | 1,393,594,833 | 145,600,825 | 4,765,805,811 |
| Less: portion expensed due to concessionary terms | 7,659,369 | 2,150,662 | | | | 5,508,707 |
| Total - Export Trade | 6,278,941,333 | 20,428,146 | 123,283 | 1,393,594,833 | 145,600,825 | 4,760,297,104 |

Note: Final repayment dates may change if loan amounts are rescheduled or restructured.

(1) Payments or other charges may include transactions such as loans, adjustments, etc.

(2) Receipts or other credits may include transactions such as repayments, forgiveness, etc.

## Canada Student Loans Program

*Direct loans to students*

Loans issued on or after August 1, 2000 are operated under the authority of section 6.1 of the *Canada Student Financial Assistance Act*, which authorizes the Minister of Human Resources and Skills Development to enter into loan agreements directly with any qualifying student. Agreements are subject to the terms and conditions approved by the Governor in Council, on the recommendation of the Minister of Human Resources and Skills Development with the concurrence of the Minister of Finance.

The total amount of outstanding direct loans to students issued under the authority of the *Canada Student Financial Assistance Act* may not exceed fifteen billion dollars, except as otherwise provided by an Appropriation Act or other Act of Parliament.

The total amount of loans outstanding as at March 31, 2011 amounts to $13,536,748,928 ($12,492,760,738 as at March 31, 2010).

*Risk-shared student loans*

Loans issued prior to August 1, 2000 and on or after August 1, 1995 are amounts related to student loans subrogated to the Crown under the authority of the *Canada Student Financial Assistance Act*. The total amount of loans outstanding as at March 31, 2011 amounts to $154,609,167 ($159,985,777 as at March 31, 2010) for loans owned by Human Resources and Skills Development and $1,738,082,287 ($2,022,459,428 as at March 31, 2010) for loans under the current ownership of the financial institutions.

*Guaranteed student loans*

Loans issued prior to August 1, 1995 are amounts related to student loans subrogated to the Crown under the authority of the *Canada Student Loans Act*. The total amount of loans outstanding as at March 31, 2011 amounts to $273,811,569 ($303,300,927 as at March 31, 2010) for loans owned by Human Resources and Skills Development and $35,123,703 ($50,417,092 as at March 31, 2010) for loans under the current ownership of the financial institutions.

## Provincial workers' compensation boards

This account is operated under the authority of subsection 4(6) of the *Government Employees Compensation Act*, to provide operating funds to enable provincial compensation boards to administer the Act on behalf of the Crown, and pay claims to Canadian Government employees injured in the course of their employment.

The total amount of advances that is authorized to be made to all provincial workers' compensation boards is not to exceed three months' disbursements for compensation.

The advances are non-interest bearing and are to be repaid on termination of agreements with provincial boards.

## Aboriginal Business Loan Insurance Program

On December 1, 2006, Aboriginal Business Canada, including the Aboriginal Business Loan Insurance Program, formerly a program of Industry Canada, was transferred to the Department of Indian Affairs and Northern Development.

The Aboriginal Business Loan Insurance Program was established under the *Department of Industry, Science and Technology Act*, section 9 and paragraph 15 (1)(b), and Orders in Council PC 1990-370 and PC 1990-371, and amended under the *Department of Industry Act (1995)*, Part IV, paragraph 14 (1)(b).

Non-interest bearing loans had been made to Aboriginal Canadians to increase their commercial enterprise activity as a major step towards enhancing their economic self-reliance, by providing financial and advisory assistance at various stages and for several aspects of enterprise development. The last outstanding loan insured under this program was fully repaid on March 1, 2011.

## Council of Yukon First Nations—Elders

Loans have been made to the Council of Yukon First Nations to provide interim benefits to elderly Yukon Indians pending settlement of Yukon Indian land claims.

During the year, loans were authorized by Indian Affairs and Northern Development Vote L30, *Appropriation Act No. 2, 2010-2011*.

The terms and conditions of the loans are as follows:

*(a)* loans made before an agreement-in-principle for the settlement of a claim is reached are non-interest bearing;

*(b)* loans made after the date on which an agreement-in-principle for the settlement of a claim has been reached, bear interest at a rate equal to the rate established by the Minister of Finance in respect of borrowings for equivalent terms by Crown corporations; and,

*(c)* loans are due and payable, as to principal and interest, on the date on which the claim is settled or on a date fixed in the agreement, which shall be not later than March 31, 2011, whichever date is earlier.

All the loans outstanding at year end bear interest at rates from 2.28 percent to 3.61 percent per annum.

## Farm Credit Canada Guarantee Loans Program

The Farm Credit Canada guarantee loans program was discontinued as of November 14, 1989. The last active loan guarantee has expired and no future loan guarantees will be given under this program.

As of March 31, 2011, the outstanding amount represents the remaining defaulted loans reimbursed to the lenders by the Minister. These loans are deemed unrecoverable and the balance will be written off in future years.

### First Nations in British Columbia

Loans have been made to First Nations in British Columbia to support their participation in the British Columbia Treaty Commission process related to the research, development and negotiation of treaties.

During the year, loans were authorized by Indian Affairs and Northern Development Vote L35, *Appropriation Act No. 2, 2010-2011*.

The terms and conditions of the loans are as follows:

*(a)* loans made before an agreement-in-principle for the settlement of a treaty is reached are non-interest bearing;

*(b)* loans made before April 1, 2004 and after the date on which an agreement-in-principle for the settlement of a treaty has been reached, bear interest at a rate equal to the rate established by the Minister of Finance in respect of borrowings for equivalent terms by Crown corporations;

*(c)* loans made between April 1, 2004 and March 31, 2011 and after the date on which an agreement-in-principle for the settlement of a treaty has been reached, shall be interest free, unless the loans become due and payable during this period, and,

*(d)* loans are due and payable by the First Nations and will pay the loan on the earliest of the following dates:

  *i.* date on which the treaty is settled;

  *ii.* twelfth anniversary of the first loan advance to the First Nations under the earliest First Nations' funding agreement;

  *iii.* seventh anniversary after the signing of an agreement-in-principle; or,

  *iv.* date the federal minister demands payment of the loans due to an event of default under this agreement or under any First Nations' funding agreement.

The interest-bearing and non-interest bearing portions of the loans outstanding at year end are $8,858,710 and $411,941,692 respectively. Rates are from 1.0708 percent to 4.545 percent per annum for the interest-bearing portion.

### Indian Economic Development Fund

Loans have been made for the purposes of economic development of Indians to Indians or Indian bands, or to individuals, partnerships or corporations, the activities of which contribute or may contribute to such development.

The total amount authorized to be outstanding at any time is $48,550,835, as last amended by Indian Affairs and Northern Development Vote 7b, *Appropriation Act No. 4, 1996-97*.

All outstanding loans bear interest at rates from 7 percent to 11.25 percent per annum.

### Indian Economic Development Guarantee Loans Program

The Indian Economic Development Guarantee authority, established under Vote L53(b), *Appropriation Act No. 1, 1970*, amended under P.C. 1977-3608, authorized the department to guarantee loans for Indian businesses on a risk-sharing basis with commercial lenders. The guarantee level is not to exceed at any time $60,000,000, less the total amount of payments made to implement previous guarantees under that authority.

Simple interest, usually based on a percentage plus the prime rate, will accrue on the debt after payout. All payments, including accrued interest, remain as a debt of the client until recovered in full.

### Inuit Loan Fund

Loans have been made to individual Inuit or groups of Inuit to promote commercial activities and gainful occupations. Loans have also been made to co-operative associations, credit unions, caisses populaires or other credit societies incorporated under provincial laws, where the majority of members are Inuit, or to corporations incorporated under the laws of Canada, or provincial laws, where the controlling interest is held by Inuit.

The total amount authorized to be outstanding at any time is $6,633,697, as last amended by Indian Affairs and Northern Development Vote 37b, *Appropriation Act No. 4, 1995-96*.

The remaining loan bears interest at a rate of 5.50 percent per annum.

### Native Claimants

Loans have been made to native claimants to defray the costs related to the research, development and negotiation of claims.

During the year, loans were authorized by Indian Affairs and Northern Development Vote L30, *Appropriation Act No. 2, 2010-2011*.

The terms and conditions of the loans are as follows:

*(a)* loans made before an agreement-in-principle for the settlement of a claim is reached are non-interest bearing;

*(b)* loans made after the date on which an agreement-in-principle for the settlement of a claim has been reached, bear interest at a rate equal to the rate established by the Minister of Finance in respect of borrowings for equivalent terms by Crown corporations; and,

*(c)* loans are due and payable as to principal and interest on the date on which the claim is settled, or on a date fixed in the agreement.

The interest bearing and the non-interest bearing portions of the loans outstanding at year end are $91,443,643 and $354,469,174 respectively. Rates are from 2.13 percent to 11.89 percent per annum for the interest-bearing portion.

### On Reserve Housing Guarantee Loans Program

On Reserve Housing guarantees provide needed support to Indian or Indian bands residing on reserves or Crown land. Reserves are, as such, non-mortgageable and the ministerial guarantee provides security to the lending institution in the event of a default by the client.

The total amount authorized to be outstanding at any time is $2.2 billion, as last amended by Indian Affairs and Northern Development Vote 7b, *Appropriation Act No. 4, 2008-2009*.

If a loan made under the Minister's guarantee goes into default, the lender has recourse to the Minister for reimbursement. In 1987, a reserve for losses of $2 million per annum was established within the department's reference levels to cover all Guarantee Loan Programs administered by Indian Affairs and Northern Development. Such payments remain a debt of the First Nation to the Crown and interest is accrued and capitalized on these debts at the contract interest rate applicable at the time the loan was assigned to the Minister. Recovery of the debt is made to the extent possible, from the security used as collateral, such as land claim funds, or through repayment agreements.

### Stoney Band Perpetual Loan

In 1946, loans were made to Stoney Band of Alberta for land acquisition beyond their treaty entitlement.

A loan not exceeding $500,000 was made to purchase additional land. Under the terms of the agreement, as stated in Treasury Board Minutes, P.C. 2/1437 dated April 11, 1946, the Band assigned monies accruing to them, from the rental of their water resources, to provide interest payments at the rate of 3 percent annually on the amount of the loan that had actually been expended. In the same agreement, the Band resolved that the Department allots $200,000 to the Pekisko Group, and $300,000 for the additions to Morley Reserve.

### Company stock option

Pursuant to section 14 of the *Department of Industry Act*, and authorized by Industry Vote L15, *Appropriation Act No. 2, 2010-2011*, this account establishes authority, in accordance with terms and conditions prescribed by regulations of the Governor in Council,

*(a)* to take, purchase, exercise, assign or sell, on behalf of Her Majesty in Right of Canada, a stock option in a company in connection with the provision of a loan, insurance of a loan, or contribution made to the company by Her Majesty under a program authorized by the Governor in Council where, in the opinion of the Minister,

*i.* it is necessary to take, purchase, exercise, assign or sell the stock option in order to permit Her Majesty in Right of Canada to benefit from the purchase; or,

*ii.* it is necessary to take, purchase, exercise, assign or sell, the stock option in order to protect the Crown's interest in respect of a loan made or insured, or contribution made; and,

*(b)* to authorize the sale or other disposition of any capital stock acquired.

### Manufacturing, processing and service industries in Canada

This account records loans made to persons engaged or about to engage or assist in manufacturing, processing or service industries in Canada in order to promote the establishment, improvement, growth, efficiency or international competitiveness of such industries or to assist them in their financial restructuring.

Loans are authorized by Industry Vote L20, *Appropriation Act No. 2, 2010-2011*. During the year, no loans were issued.

There is one remaining loan which is interest free unless it goes into default, and otherwise is repayable at maturity on April 1, 2017.

### Other Business loans

This account records money owed to the Government by borrowers upon default of loans that are subject to statutory authorities, pursuant to the *Small Business Loans Act* (SBLA), the *Canada Small Business Financing Act* (CSBFA), the capital leasing pilot project and the *Department of Industry Act*. These authorities provide for the payment of claims or the sharing of loan losses between lenders and the Government.

### H.L. Holmes Fund

This account was established pursuant to paragraph 5(1)(f) of the *National Research Council Act* to record the residue of the estate of H.L. Holmes. Up to two thirds of the yearly net income from the fund shall be used to finance the H.L. Holmes Award on an annual basis. These awards will provide the opportunity to post-doctoral students to study at world famous graduate schools or research institutes under outstanding research persons.

### Nordion International Inc.

A $100 million loan has been made to Nordion International Inc. for the construction of two nuclear reactors and related processing facilities to be used in the production of medical isotopes pursuant to an agreement reached on June 28, 1996 between MDS Health Group Ltd., Nordion International Inc. and Natural Resources Canada.

The secured loan is interest-free and fully repayable over 15 years commencing 42 months after the first loan drawdown was made.

### Parolees

Loans have been made to parolees and individuals under mandatory supervision, to assist in their rehabilitation.

The total amount authorized to be outstanding at any time is $50,000.

The loans are non-interest bearing and are repayable before the expiration of the parole period, or within one year from the date the loans were made, whichever period is the shorter.

### Seized Property Working Capital Account

This account was established by section 12 of the *Seized Property Management Act*. Expenses incurred, and advances made, to maintain and manage any seized or restrained property and other properties subject to a management order or forfeited to Her Majesty, are charged to this account. This account is credited when expenses and advances to third parties are repaid or recovered and when revenues from these properties or proceeds of their disposal are received and credited with seized cash upon forfeiture.

The total amount authorized to be outstanding at any time is $50,000,000.

Any shortfall between the proceeds from the disposition of any property forfeited to Her Majesty and the amounts that were charged to this account and that are still outstanding, is charged to a Seized Property Proceeds Account and credited to this account.

### Greater Victoria Harbour Authority

The Victoria Harbour loan receivable relates to the sale of a parcel of Victoria Harbour land. A discount of $753,745 is recorded to reflect the concessionary nature of the loan.

The loan bears interest at the rate of 4.9 percent per annum, and is repayable over 15 years, with the final instalment on May 9, 2020.

### Saint John Harbour Bridge Authority

Advances have been made to the Saint John Harbour Bridge Authority in connection with the financing, construction and operation of a toll bridge across the harbour of Saint John, NB. The total amount of advances in each year is to be based on the difference for the year between the operating and financing costs of the toll bridge, and the revenue of the Bridge Authority, repayable when the revenue of the Bridge Authority for the year exceeds the amount of the operating and financing costs for such year.

On April 1, 1990, a new agreement was signed. This agreement called for the consolidation of all debts into one non-interest bearing loan. The Authority will remit excess funds from the operation of the bridge to the Government on an annual basis to repay the debt.

### St. Lawrence Seaway Management Corporation

This account was established by subsection 80(1) of the *Canada Marine Act*. Loans previously managed by the St. Lawrence Seaway Authority are now managed by the St. Lawrence Seaway Management Corporation in accordance with an agreement between the Department of Transport and the Corporation. The repayments of these loans are recorded in this account.

The remaining loan bears interest at a rate of 7 percent per annum, and is repayable at monthly rates, with the final instalment of the existing terms being March 2012.

### Joint Learning Program

Advances have been made to the Public Service Alliance of Canada (PSAC) for the Joint Learning Program (JLP). Following the collective bargaining round of October 2004, 2008 and subsequently of 2010, a Memorandum of Understanding between the Treasury Board and PSAC was included in the collective bargaining agreements to provide funding for a JLP. The JLP is a negotiated partnership between PSAC and the Treasury Board of Canada Secretariat (TBS). It is intended to provide joint union-management learning opportunities in areas where both parties have roles and responsibilities, and for which the Employer does not already have a legal obligation to provide training in order to enhance labour relations in the public service.

Payments are made to PSAC under Vote 20 and are authorized under the terms of reference of the Program. The terms of reference include the program costs, funding conditions, payment conditions, timelines, as well as a schedule of payments. The schedule of payments provides for a 3-month advance from TBS to PSAC to provide for program delivery costs. When actual expenses are reported every three months, the advance is reversed and the expenditure is recorded.

### Commonwealth War Graves Commission

Advances have been made to the working capital fund of the Commonwealth War Graves Commission, to maintain graves and cemeteries.

At year end, the balance of the advances was £30,000 UK. This balance was converted to Canadian dollars, using the year-end rate of exchange.

The advances are non-interest bearing and have no fixed terms of repayments.

## Veterans' Land Act Fund

*Advances*

Advances have been made, under Parts I and III of the *Veterans' Land Act*, for the acquisition of land, permanent improvements, removal of encumbrances, purchase of stock and equipment, and protection of security. The total amount authorized to be outstanding at any time is $605,000,000.

*Allowance for conditional benefits*

A provision equal to 1/10 of the benefits to veterans was established each year up to and including 1978-79. Since that time, a forecast of requirements has been performed each year, and provisions are established as necessary. These provisions are charged to expenses and credited to the allowance for conditional benefits account. This account represents the accumulated net provisions for benefits to veterans in the form of forgiveness of loans authorized by the *Veterans' Land Act*. These benefits come into effect only after certain conditions are fulfilled by the veterans. At the end of 10 years, the conditions having been met, the accumulated provision is charged to the allowance for conditional benefits account, and credited to the veteran's loan account.

## Other departments—Miscellaneous

This account represents amounts outstanding in the hands of agencies and individuals, at year end. This group records loans, investments and advances not classified elsewhere.

## Consolidation adjustment

The consolidation adjustment reflects the total loans, investments and advances held by consolidated Crown corporations and other entities. These mainly include investments such as bonds, money market funds and fixed income securities.

# Allowance for Valuation

In accordance with the comprehensive policy on valuation, assets are subject to an annual valuation to reflect reductions from the recorded value to the estimated net realizable value.

The allowance for valuation, for loans, investments and advances, represents the estimated losses on the realization of the loans, investments and advances included in the accounts of Canada at year end.

# SECTION 10

2010-2011

*PUBLIC ACCOUNTS OF CANADA*

# Non-Financial Assets

## CONTENTS

*Page*

Non-financial assets .................................... 10.2
Tangible capital assets .................................. 10.4
Vehicles ............................................ 10.6
Assets under capital leases................................ 10.6

# NON-FINANCIAL ASSETS

Non-financial assets are assets that have an economic life that extends beyond the accounting period and that are intended for consumption in the normal course of operations. They are converted into expense in future periods and include tangible capital assets, inventories, and prepaid expenses.

Tangible capital assets consist of acquired, built, developed or improved tangible assets, which are intended to be used on a continuous basis and are not intended for sale in the ordinary course of business. For financial reporting purposes, tangible capital assets are grouped in the following categories: land, buildings, works and infrastructure, machinery and equipment, vehicles, leasehold improvements, assets under construction, and assets under capital leases.

Inventories are items of tangible property that are to be used in the delivery of program outputs. Some revolving funds and a few departments may have inventories held for resale to parties outside the Government.

Prepaid expenses are disbursements made, pursuant to a contract, before the completion of the work, delivery of the goods or rendering of the service or advance payments under the terms of contribution agreements.

Table 10.1 presents the non-financial assets by category.

## TABLE 10.1

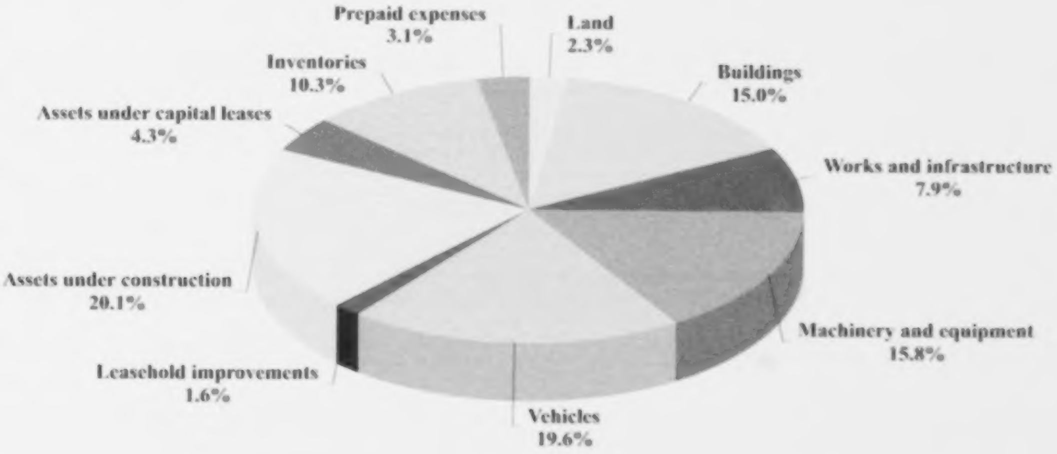
### NON-FINANCIAL ASSETS BY CATEGORY

(in thousands of dollars)

| | March 31/2011 | March 31/2010 |
|---|---|---|
| Net tangible capital assets, Table 10.2 | | |
| Land | 1,539,085 | 1,459,013 |
| Buildings | 9,960,656 | 9,794,738 |
| Works and infrastructure | 5,255,562 | 4,852,103 |
| Machinery and equipment | 10,496,080 | 10,474,754 |
| Vehicles, Table 10.3 | 13,078,310 | 12,621,416 |
| Leasehold improvements | 1,034,881 | 898,357 |
| Assets under construction | 13,426,117 | 11,932,502 |
| Assets under capital leases, Table 10.4 | 2,877,124 | 3,020,699 |
| | *57,667,815* | *55,053,582* |
| Inventories | 6,830,393 | 6,191,972 |
| Prepaid expenses | 2,082,634 | 2,129,577 |
| Total | 66,580,842 | 63,375,131 |

## CHART 10A

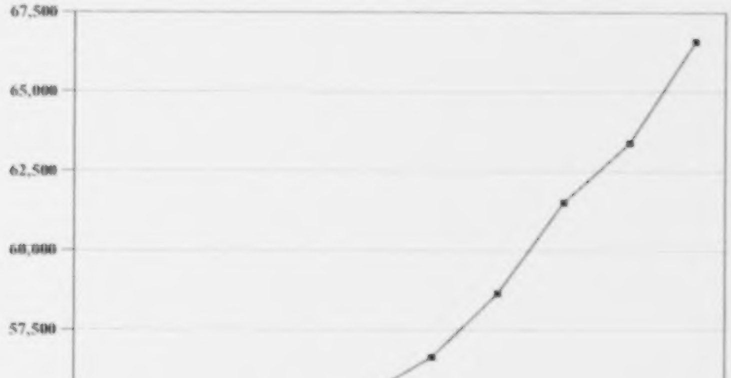
## NON-FINANCIAL ASSETS BY CATEGORY AT MARCH 31, 2011



## CHART 10B

## NON-FINANCIAL ASSETS AT MARCH 31, 2011

(in millions of dollars)



## Tangible Capital Assets

Table 10.2 presents tangible capital assets by main custodian ministries.

### TABLE 10.2

### TANGIBLE CAPITAL ASSETS BY MAIN CUSTODIAN MINISTRIES

(in thousands of dollars)

| | Land | Buildings | Works and infrastructure | Machinery and equipment |
|---|---|---|---|---|
| Capital assets at cost | | | | |
| Environment | 185,505 | 931,437 | 2,673,584 | 836,179 |
| Fisheries and Oceans | 20,570 | 528,812 | 2,173,264 | 402,335 |
| Foreign Affairs and International Trade | 232,754 | 1,235,011 | 1,451 | 201,271 |
| Industry | 11,414 | 852,139 | 28,364 | 2,953,890 |
| National Defence | 84,176 | 7,182,585 | 2,110,546 | 20,105,232 |
| Public Safety and Emergency Preparedness | 71,411 | 2,864,214 | 523,097 | 1,291,997 |
| Public Works and Government Services | 252,799 | 3,880,095 | 836,787 | 311,838 |
| Transport | 267,053 | 1,012,887 | 2,768,097 | 212,437 |
| Other ministries | 27,491 | 1,495,066 | 76,557 | 3,252,727 |
| | *1,153,173* | *19,982,246* | *11,191,747* | *29,567,906* |
| Consolidated Crown corporations and other entities | 385,912 | 2,119,873 | 1,378,814 | 3,042,929 |
| Gross total capital assets | 1,539,085 | 22,102,119 | 12,570,561 | 32,610,835 |
| Accumulated amortization | | | | |
| Environment | | 632,387 | 1,675,243 | 588,552 |
| Fisheries and Oceans | | 356,383 | 1,134,437 | 290,179 |
| Foreign Affairs and International Trade | | 686,442 | 181 | 148,754 |
| Industry | | 501,461 | 19,911 | 2,022,507 |
| National Defence | | 3,169,303 | 1,213,514 | 13,578,939 |
| Public Safety and Emergency Preparedness | | 1,350,010 | 335,698 | 856,807 |
| Public Works and Government Services | | 2,664,932 | 380,239 | 262,383 |
| Transport | | 672,037 | 1,797,467 | 158,455 |
| Other ministries | | 944,247 | 32,321 | 2,054,943 |
| | | *10,977,202* | *6,589,011* | *19,961,519* |
| Consolidated Crown corporations and other entities | | 1,164,261 | 725,988 | 2,153,236 |
| Total accumulated amortization | | 12,141,463 | 7,314,999 | 22,114,755 |
| Total net capital assets | | | | |
| Environment | 185,505 | 299,050 | 998,341 | 247,627 |
| Fisheries and Oceans | 20,570 | 172,429 | 1,038,827 | 112,156 |
| Foreign Affairs and International Trade | 232,754 | 548,569 | 1,270 | 52,517 |
| Industry | 11,414 | 350,678 | 8,453 | 931,383 |
| National Defence | 84,176 | 4,013,282 | 897,032 | 6,526,293 |
| Public Safety and Emergency Preparedness | 71,411 | 1,514,204 | 187,399 | 435,190 |
| Public Works and Government Services | 252,799 | 1,215,163 | 456,548 | 49,455 |
| Transport | 267,053 | 340,850 | 970,630 | 53,982 |
| Other ministries | 27,491 | 550,819 | 44,236 | 1,197,784 |
| | *1,153,173* | *9,005,044* | *4,602,736* | *9,606,387* |
| Consolidated Crown corporations and other entities | 385,912 | 955,612 | 652,826 | 889,693 |
| Total net capital assets | 1,539,085 | 9,960,656 | 5,255,562 | 10,496,080 |

(1) Details can be found in Table 10.3.
(2) Details can be found in Table 10.4.

| Vehicles(1) | Leasehold improvements | Assets under construction | Assets under capital leases(2) | Total March 31/2011 | Total March 31/2010 |
|---|---|---|---|---|---|
| 150,756 | 37,905 | 372,184 | 34,858 | 5,222,408 | 4,931,611 |
| 1,852,017 | 567,562 | 504,571 | 525 | 6,049,656 | 5,866,146 |
| 136,033 | 221,312 | 263,959 | | 2,291,791 | 2,154,146 |
| 28,006 | 57,887 | 386,037 | 65,052 | 4,382,789 | 4,245,045 |
| 27,554,818 | 31,772 | 8,102,037 | 987,539 | 66,158,705 | 62,913,268 |
| 634,818 | 118,974 | 766,626 | 15,493 | 6,286,630 | 5,896,494 |
| 11,678 | 688,417 | 1,699,122 | 2,255,179 | 9,935,915 | 9,015,520 |
| 742,292 | 22,381 | 117,346 | 818,883 | 5,961,376 | 5,927,784 |
| 164,365 | 448,943 | 397,212 | 124,772 | 5,987,133 | 5,576,743 |
| *31,274,783* | *2,195,153* | *12,609,094* | *4,302,301* | *112,276,403* | *106,526,757* |
| 1,288,975 | 207,534 | 817,023 | 618,724 | 9,859,784 | 9,173,220 |
| 32,563,758 | 2,402,687 | 13,426,117 | 4,921,025 | 122,136,187 | 115,699,977 |
| | | | | | |
| 106,031 | 25,722 | | 18,768 | 3,046,703 | 2,943,861 |
| 1,318,314 | 369,652 | | 447 | 3,469,412 | 3,451,883 |
| 95,867 | 117,044 | | | 1,048,288 | 911,587 |
| 22,049 | 27,697 | | 16,230 | 2,609,855 | 2,447,889 |
| 16,000,225 | 16,946 | | 539,618 | 34,518,545 | 32,396,661 |
| 343,593 | 38,033 | | 930 | 2,925,071 | 2,693,709 |
| 7,180 | 342,507 | | 1,035,526 | 4,692,767 | 4,257,205 |
| 557,034 | 12,256 | | 113,298 | 3,310,547 | 3,198,147 |
| 104,021 | 299,025 | | 16,012 | 3,450,569 | 3,170,294 |
| *18,554,314* | *1,248,882* | | *1,740,829* | *59,071,757* | *55,471,236* |
| 931,134 | 118,924 | | 303,072 | 5,396,615 | 5,175,159 |
| 19,485,448 | 1,367,806 | | 2,043,901 | 64,468,372 | 60,646,395 |
| | | | | | |
| 44,725 | 12,183 | 372,184 | 16,090 | 2,175,705 | 1,987,750 |
| 533,703 | 197,910 | 504,571 | 78 | 2,580,244 | 2,414,263 |
| 40,166 | 104,268 | 263,959 | | 1,243,503 | 1,242,559 |
| 5,957 | 30,190 | 386,037 | 48,822 | 1,772,934 | 1,797,156 |
| 11,554,593 | 14,826 | 8,102,037 | 447,921 | 31,640,160 | 30,516,607 |
| 291,225 | 80,941 | 766,626 | 14,563 | 3,361,559 | 3,202,785 |
| 4,498 | 345,910 | 1,699,122 | 1,219,653 | 5,243,148 | 4,758,315 |
| 185,258 | 10,125 | 117,346 | 705,585 | 2,650,829 | 2,729,637 |
| 60,344 | 149,918 | 397,212 | 108,760 | 2,536,564 | 2,406,449 |
| *12,720,469* | *946,271* | *12,609,094* | *2,561,472* | *53,204,646* | *51,055,521* |
| 357,841 | 88,610 | 817,023 | 315,652 | 4,463,169 | 3,998,061 |
| 13,078,310 | 1,034,881 | 13,426,117 | 2,877,124 | 57,667,815 | 55,053,582 |

## Vehicles

Table 10.3 presents the details of vehicles by sub-category.

### TABLE 10.3

VEHICLES BY SUB-CATEGORY
(in thousands of dollars)

| | Cost | Accumulated amortization | March 31/2011 | March 31/2010 |
|---|---|---|---|---|
| Ships and boats | 13,763,734 | 8,146,618 | 5,617,116 | 5,911,343 |
| Aircraft | 13,589,650 | 7,962,299 | 5,627,351 | 5,010,284 |
| Motor vehicles (Non-Military) | 2,068,467 | 1,328,636 | 739,831 | 762,337 |
| Military vehicles | 1,808,386 | 1,159,013 | 649,373 | 519,051 |
| Other vehicles | 1,333,521 | 888,882 | 444,639 | 418,401 |
| Total | 32,563,758 | 19,485,448 | 13,078,310 | 12,621,416 |

## Assets under Capital Leases

Table 10.4 presents the details of assets under capital leases by main category.

### TABLE 10.4

ASSETS UNDER CAPITAL LEASES BY MAIN CATEGORY
(in thousands of dollars)

| | Cost | Accumulated amortization | March 31/2011 | March 31/2010 |
|---|---|---|---|---|
| Land | 31,242 | | 31,242 | 44,942 |
| Buildings | 3,112,427 | 1,401,896 | 1,710,531 | 1,789,987 |
| Works and infrastructure | 818,820 | 113,270 | 705,550 | 713,738 |
| Machinery and equipment | 109,104 | 42,436 | 66,668 | 38,234 |
| Vehicles | 849,432 | 486,299 | 363,133 | 433,798 |
| Total | 4,921,025 | 2,043,901 | 2,877,124 | 3,020,699 |

# SECTION 11

**2010-2011**

***PUBLIC ACCOUNTS OF CANADA***

# Contractual Obligations and Contingent Liabilities

**CONTENTS**

*Page*

Contractual obligations .................................. 11.2
Contingent liabilities .................................... 11.27

# CONTRACTUAL OBLIGATIONS AND CONTINGENT LIABILITIES

This section contains detailed information related to contractual obligations and contingent liabilities.

## Contractual Obligations

The nature of Government activities result in multi-year contracts and agreements, including various international treaties and protocols. Contractual obligations are financial obligations of the Government to others that will become liabilities when the terms of those contracts or agreements for the acquisition of goods and services or the provision of transfer payments are met. In the case of contractual obligations to international organizations, some will result in future budgetary expenses while others will result in non-budgetary payments.

Contractual obligations can be classified into four main categories: transfer payment agreements (grants and contributions), capital assets and purchases, operating leases and international organizations.

All outstanding contractual obligations of $10 million or more per project or per program at year end are reported for transfer payment agreements, capital assets, purchases and operating leases. For international organizations, all contractual obligations in excess of $1 million at year end are reported.

In accordance with the Government's significant accounting policies, the contractual obligations of consolidated Crown corporations are included with those of the Government.

Table 11.1 summarizes these contractual obligations. Details of the four types of contractual obligations can be found in other tables in this section.

### TABLE 11.1
### CONTRACTUAL OBLIGATIONS

(in millions of dollars)

| | Transfer payments | Acquisition of capital assets and purchases | Operating leases | International organizations | Total |
|---|---|---|---|---|---|
| Information from: | | | | | |
| Transfer payment agreements, capital assets, purchases and operating leases, Table 11.3 | 58,295 | 33,344 | 2,637 | | 94,276 |
| International contractual obligations, Table 11.4 | | | | 3,343 | 3,343 |
| Total | 58,295 | 33,344 | 2,637 | 3,343 | 97,619 |

Table 11.2 summarizes the information presented in Table 11.1 to indicate the minimum amounts required to satisfy obligations under contractual obligations each year from 2012 to 2016 inclusive, and a total for amounts due in the year 2017 and subsequently.

### TABLE 11.2
### SCHEDULE OF MINIMUM PAYMENTS

(in millions of dollars)

| Minimum payments to be made in: | Transfer payment agreements | Acquisition of capital assets and purchases | Obligations under operating lease arrangements | Obligations to international organizations | Total |
|---|---|---|---|---|---|
| 2012 | 17,765 | 7,443 | 314 | 1,084 | 26,606 |
| 2013 | 10,445 | 4,325 | 331 | 344 | 15,445 |
| 2014 | 8,029 | 4,647 | 289 | 254 | 13,219 |
| 2015 | 4,391 | 2,472 | 244 | 118 | 7,225 |
| 2016 | 3,355 | 1,660 | 217 | 55 | 5,287 |
| 2017 and subsequently | 14,310 | 12,797 | 1,242 | 1,488 | 29,837 |
| Total | 58,295 | 33,344 | 2,637 | 3,343 | 97,619 |

## Transfer Payment Agreements, Capital Assets, Purchases and Operating Leases

Table 11.3 provides details of contractual obligations that involve: transfer payment agreements, capital assets, purchases and operating leases. It discloses individual contractual obligations by category and by entity. Contractual obligations are summarized in Note 15 to the financial statements in Section 2 of this volume.

Transfer payment agreements are irrevocable contracts to provide funding to other levels of governments, organizations or individuals.

Capital assets are tangible, durable items of value, including major additions or alterations thereto, including military equipment and land, from which benefits are expected to be derived during their useful life.

Purchases are supported by contracts to supply goods or services. An operating lease is a lease in which the lessor does not substantially transfer all the benefits and risks incident to ownership of property to the lessee.

## TABLE 11.3
## TRANSFER PAYMENT AGREEMENTS, CAPITAL ASSETS, PURCHASES AND OPERATING LEASES AS AT MARCH 31, 2011

(in millions of dollars)

| | | | | | Outstanding obligations to be disbursed by March 31 | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Total estimated cost | Amount contracted | Amount disbursed | Outstanding obligation | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 and subsequently |
| **Transfer payment agreements—** | | | | | | | | | | |
| **Agriculture and Agri-Food—** | | | | | | | | | | |
| ***Grant—*** | | | | | | | | | | |
| ***Canadian Cattleman's Association*** | | | | | | | | | | |
| Beef Market Development Legacy Fund | *50* | *50* | *37* | *13* | *10* | *3* | | | | |
| **Canadian Heritage—** | | | | | | | | | | |
| ***Canada's National Ballet School*** | | | | | | | | | | |
| Canada Arts Training Fund | 18 | 18 | 6 | 12 | 6 | 6 | | | | |
| ***Canadian Agreement on Minority Language Education and Second Official Language Introduction*** | | | | | | | | | | |
| Government of Alberta | 61 | 61 | 32 | 29 | 15 | 14 | | | | |
| Government of Nova Scotia | 32 | 32 | 17 | 15 | 8 | 7 | | | | |
| Government of Saskatchewan | 32 | 32 | 16 | 16 | 8 | 8 | | | | |
| Ministre des Finances du Québec | 263 | 263 | 133 | 130 | 65 | 65 | | | | |
| Province of British Columbia | 70 | 70 | 36 | 34 | 17 | 17 | | | | |
| Province of Manitoba | 53 | 53 | 27 | 26 | 13 | 13 | | | | |
| Province of New Brunswick | 88 | 88 | 45 | 43 | 22 | 21 | | | | |
| Province of Ontario | 328 | 328 | 170 | 158 | 79 | 79 | | | | |
| ***Corporation of the Council of Ministers of Education, Canada*** | | | | | | | | | | |
| Explore and Destination Clic Program | 67 | 67 | 33 | 34 | 17 | 17 | | | | |
| Odyssey Program | 28 | 28 | 14 | 14 | 7 | 7 | | | | |
| ***Katimavik-OPCAN Corporation*** | | | | | | | | | | |
| Katimavik Program | 28 | 28 | | 28 | 14 | 14 | | | | |
| ***La Fondation Musicaction*** | | | | | | | | | | |
| Canada Music Fund | 21 | 21 | 5 | 16 | 4 | 4 | 4 | 4 | | |
| ***Society for Educational Visits and Exchanges in Canada*** | | | | | | | | | | |
| Youth Exchanges Canada Program | 23 | 23 | 9 | 14 | 5 | 5 | 4 | | | |
| ***The Foundation Assisting Canadian Talent on Recordings*** | | | | | | | | | | |
| Canada Music Fund | 31 | 31 | 6 | 25 | 6 | 6 | 6 | 7 | | |
| ***Toronto Organizing Committee for the 2015 Pan American and Parapan American Games*** | | | | | | | | | | |
| Hosting Program | 18 | 18 | 5 | 13 | 13 | | | | | |
| ***YMCA of Greater Toronto*** | | | | | | | | | | |
| Youth Exchanges Canada Program | 15 | 15 | 5 | 10 | 5 | 5 | | | | |
| | *1,176* | *1,176* | *559* | *617* | *304* | *288* | *14* | *11* | | |

## TABLE 11.3

## TRANSFER PAYMENT AGREEMENTS, CAPITAL ASSETS, PURCHASES AND OPERATING LEASES AS AT MARCH 31, 2011—*Continued*

(in millions of dollars)

|  | Total estimated cost | Amount contracted | Amount disbursed | Outstanding obligation | Outstanding obligations to be disbursed by March 31 |  |  |  |  |  |
|---|---|---|---|---|---|---|---|---|---|---|
|  |  |  |  |  | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 and subsequently |
| **Citizenship and Immigration**— |  |  |  |  |  |  |  |  |  |  |
| ***Provincial agreement on immigration matters and on the selection of foreign nationals wishing to settle in Canada*** |  |  |  |  |  |  |  |  |  |  |
| Canada-Quebec Agreement | 1,551 | 1,551 | 258 | 1,293 | 259 | 258 | 259 | 258 | 259 |  |
| ***Provincial agreements with regards to immigrant and settlement services*** |  |  |  |  |  |  |  |  |  |  |
| Canada-British Columbia Agreement | 686 | 686 | 122 | 564 | 113 | 113 | 113 | 113 | 112 |  |
| Canada-Manitoba Agreement | 200 | 200 | 31 | 169 | 34 | 34 | 34 | 34 | 33 |  |
|  | *2,437* | *2,437* | *411* | *2,026* | *406* | *405* | *406* | *405* | *404* |  |
| **Economic Development Agency of Canada for the Regions of Quebec**— |  |  |  |  |  |  |  |  |  |  |
| Community Futures Program | 598 | 598 | 460 | 138 | 28 | 28 | 21 | 21 | 21 | 19 |
| Gaz Métro Limited Partnership | 18 | 18 |  | 18 |  | 14 | 4 |  |  |  |
| ***Ministère des Finances du Québec*** |  |  |  |  |  |  |  |  |  |  |
| Community Diversification Program | 556 | 556 | 472 | 84 | 60 | 13 | 4 | 3 | 3 | 1 |
| ***Montréal International*** |  |  |  |  |  |  |  |  |  |  |
| Business and regional growth program | 58 | 58 | 30 | 28 | 4 | 4 | 4 | 2 | 2 | 12 |
| ***Other contributions*** |  |  |  |  |  |  |  |  |  |  |
| Business and regional growth program | 454 | 454 | 392 | 62 | 49 | 10 | 2 |  |  | 1 |
| ***Province of Quebec First Nations*** |  |  |  |  |  |  |  |  |  |  |
| Recreational Infrastructure Canada Program | 78 | 78 | 62 | 16 | 16 |  |  |  |  |  |
| ***Société du Parc Jean-Drapeau*** |  |  |  |  |  |  |  |  |  |  |
| Community Diversification Program | 24 | 24 | 4 | 20 | 5 | 5 | 5 | 5 |  |  |
|  | *1,786* | *1,786* | *1,420* | *366* | *162* | *74* | *40* | *31* | *26* | *33* |
| **Finance**— |  |  |  |  |  |  |  |  |  |  |
| Toronto Waterfront Revitalization Program | *407* | *394* | *372* | *22* | *22* |  |  |  |  |  |
| **Foreign Affairs and International Trade**— |  |  |  |  |  |  |  |  |  |  |
| ***Canadian International Development Agency***— |  |  |  |  |  |  |  |  |  |  |
| Canadian engagement | 608 | 608 | 305 | 303 | 105 | 97 | 72 | 27 | 2 |  |
| Fragile countries and crisis-affected communities | 806 | 806 | 568 | 238 | 133 | 68 | 27 | 10 |  |  |
| Global engagement and strategic policy | 740 | 740 | 318 | 422 | 160 | 131 | 87 | 40 | 4 |  |
| Low income countries | 2,425 | 2,425 | 1,241 | 1,184 | 402 | 362 | 241 | 151 | 19 | 9 |
| Middle income countries | 808 | 808 | 398 | 410 | 130 | 113 | 77 | 54 | 27 | 9 |
|  | *5,387* | *5,387* | *2,830* | *2,557* | *930* | *771* | *504* | *282* | *52* | *18* |
| **Health**— |  |  |  |  |  |  |  |  |  |  |
| ***Department***— |  |  |  |  |  |  |  |  |  |  |
| Canadian Agency for Drugs and Technologies in Health | 87 | 87 | 51 | 36 | 19 | 17 |  |  |  |  |
| Canadian Institute for Health Information | 353 | 353 | 271 | 82 | 82 |  |  |  |  |  |
| Canadian Partnership Against Cancer Corporation | 240 | 240 | 190 | 50 | 50 |  |  |  |  |  |
| Canadian Patient Safety Institute | 40 | 40 | 24 | 16 | 8 | 8 |  |  |  |  |
| First Nations and Inuit Health Services Transfer | 645 | 645 | 210 | 435 | 139 | 80 | 71 | 50 | 27 | 68 |

## TABLE 11.3
## TRANSFER PAYMENT AGREEMENTS, CAPITAL ASSETS, PURCHASES AND OPERATING LEASES AS AT MARCH 31, 2011—*Continued*

*(in millions of dollars)*

| | Total estimated cost | Amount contracted | Amount disbursed | Outstanding obligation | Outstanding obligations to be disbursed by March 31 | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 and subsequently |
| Health Council of Canada | 46 | 46 | 6 | 40 | 10 | 10 | 10 | 10 | | |
| Mental Health Commission of Canada | 125 | 125 | 35 | 90 | 15 | 15 | 15 | 15 | 15 | 15 |
| University of Ottawa | 21 | 21 | 11 | 10 | 5 | 5 | | | | |
| ***Public Health Agency of Canada—Hepatitis C*** | | | | | | | | | | |
| Government of British Columbia | 66 | 66 | 55 | 11 | | | | 11 | | |
| Government of Ontario | 132 | 132 | 110 | 22 | | | | 22 | | |
| | *1,755* | *1,755* | *963* | *792* | *328* | *135* | *96* | *108* | *42* | *83* |
| **Human Resources and Skills Development**— | | | | | | | | | | |
| Aboriginal Skills and Employment Training Strategy | 1,134 | 1,134 | 140 | 994 | 248 | 248 | 249 | 249 | | |
| ***Homelessness Partnering Strategy*** | | | | | | | | | | |
| Calgary Homeless Foundation | 17 | 17 | | 17 | 6 | 6 | 5 | | | |
| City of Hamilton | 13 | 13 | | 13 | 4 | 4 | 5 | | | |
| City of Ottawa | 17 | 17 | | 17 | 6 | 6 | 5 | | | |
| City of Toronto | 52 | 52 | | 52 | 17 | 17 | 18 | | | |
| Greater Vancouver Regional District | 20 | 20 | | 20 | 4 | 8 | 8 | | | |
| Homeward Trust Foundation | 19 | 19 | | 19 | 6 | 6 | 7 | | | |
| ***Kativik Regional Government*** | | | | | | | | | | |
| Aboriginal Human Resource Development Agreement | 83 | 83 | 71 | 12 | 12 | | | | | |
| ***Labour Market Agreements*** | | | | | | | | | | |
| Government of Alberta | 327 | 327 | 163 | 164 | 55 | 55 | 54 | | | |
| Government of British Columbia | 397 | 397 | 165 | 232 | 99 | 66 | 67 | | | |
| Government of Manitoba | 108 | 108 | 54 | 54 | 18 | 18 | 18 | | | |
| Government of New-Brunswick | 66 | 66 | 30 | 36 | 12 | 12 | 12 | | | |
| Government of Newfoundland and Labrador | 45 | 45 | 19 | 26 | 11 | 7 | 8 | | | |
| Government of Nova Scotia | 83 | 83 | 31 | 52 | 17 | 19 | 16 | | | |
| Government of Ontario | 1,163 | 1,163 | 582 | 581 | 194 | 194 | 193 | | | |
| Government of Quebec | 696 | 696 | 348 | 348 | 116 | 116 | 116 | | | |
| Government of Saskatchewan | 92 | 92 | 46 | 46 | 15 | 15 | 16 | | | |
| ***Labour Market Development Agreements*** | | | | | | | | | | |
| Government of Alberta | 278 | 278 | 161 | 117 | 117 | | | | | |
| Government of British Columbia | 677 | 674 | 367 | 307 | 307 | | | | | |
| Government of Manitoba | 114 | 114 | 63 | 51 | 51 | | | | | |
| Government of New-Brunswick | 212 | 212 | 112 | 100 | 100 | | | | | |
| Government of Newfoundland and Labrador | 304 | 303 | 158 | 145 | 145 | | | | | |
| Government of Nova Scotia | 202 | 201 | 108 | 93 | 93 | | | | | |
| Government of Ontario | 1,423 | 1,423 | 815 | 608 | 608 | | | | | |
| Government of Prince Edward Island | 63 | 63 | 33 | 30 | 30 | | | | | |
| Government of Quebec | 1,417 | 1,417 | 769 | 648 | 648 | | | | | |
| Government of Saskatchewan | 97 | 97 | 53 | 44 | 44 | | | | | |
| ***Labour Market Agreements for persons with disabilities*** | | | | | | | | | | |
| Government of Alberta | 226 | 226 | 176 | 50 | 25 | 25 | | | | |
| Government of British Columbia | 277 | 277 | 215 | 62 | 31 | 31 | | | | |
| Government of Manitoba | 81 | 81 | 63 | 18 | 9 | 9 | | | | |
| Government of New-Brunswick | 54 | 54 | 42 | 12 | 6 | 6 | | | | |
| Government of Nova Scotia | 74 | 74 | 58 | 16 | 8 | 8 | | | | |
| Government of Ontario | 688 | 683 | 530 | 153 | 76 | 77 | | | | |
| Government of Quebec | 413 | 413 | 321 | 92 | 46 | 46 | | | | |
| Government of Saskatchewan | 98 | 98 | 76 | 22 | 11 | 11 | | | | |
| ***Sectoral Partnership Initiative*** | | | | | | | | | | |
| ***Canadian Tourism Human*** Resource Council | 20 | 20 | 6 | 14 | 7 | 7 | | | | |

## TABLE 11.3
## TRANSFER PAYMENT AGREEMENTS, CAPITAL ASSETS, PURCHASES AND OPERATING LEASES AS AT MARCH 31, 2011—*Continued*

(in millions of dollars)

| | Total estimated cost | Amount contracted | Amount disbursed | Outstanding obligation | Outstanding obligations to be disbursed by March 31 | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 and subsequently |
| ***Targeted Initiative for Older Workers*** | | | | | | | | | | |
| Government of Ontario | 49 | 46 | 26 | 20 | 20 | | | | | |
| Government of Quebec | 59 | 54 | 29 | 25 | 25 | | | | | |
| ***The National Council of Young Men's Christian Association of Canada*** | | | | | | | | | | |
| Federal Public Sector Youth Internship Program | 45 | 45 | 30 | 15 | 15 | | | | | |
| | *11,203* | *11,185* | *5,860* | *5,325* | *3,262* | *1,017* | *797* | *249* | | |
| **Indian Affairs and Northern Development—** | | | | | | | | | | |
| ***Agreements—*** | | | | | | | | | | |
| Aboriginal Recipient Funding | 2,936 | 2,936 | | 2,936 | 899 | 649 | 571 | 434 | 383 | |
| Canada First Nations Funding | 613 | 613 | 391 | 222 | 114 | 103 | 3 | 2 | | |
| Comprehensive Land Claims | 2,293 | 2,293 | 832 | 1,461 | 328 | 333 | 207 | 201 | 178 | 214 |
| Contribution Agreements | 427 | 405 | 310 | 95 | 56 | 13 | 6 | 6 | 3 | 11 |
| DIAND/First Nations Funding | 720 | 720 | 477 | 243 | 132 | 111 | | | | |
| | *6,989* | *6,967* | *2,010* | *4,957* | *1,529* | *1,209* | *787* | *643* | *564* | *225* |
| **Industry—** | | | | | | | | | | |
| ***Department—*** | | | | | | | | | | |
| ***Bell Helicopter Textron Canada Ltd*** | | | | | | | | | | |
| Modular affordable product line | 115 | 115 | 57 | 58 | | 8 | 9 | 6 | 6 | 29 |
| ***Bombardier Aerospace*** | | | | | | | | | | |
| Research and development for the CSeries | 350 | 350 | 139 | 211 | 70 | 67 | 74 | | | |
| ***CAE Inc*** | | | | | | | | | | |
| Simulation technologies | 439 | 439 | 274 | 165 | 50 | 59 | 56 | | | |
| ***Cascade Data Services Inc*** | | | | | | | | | | |
| Transmission of large packages of data files | 77 | 77 | 48 | 29 | | 11 | 6 | 5 | 7 | |
| ***CMC Electronic Inc*** | | | | | | | | | | |
| Integrated cockpit and communication system | 52 | 52 | 32 | 20 | 11 | 9 | | | | |
| ***Ford Motor Company of Canada Ltd*** | | | | | | | | | | |
| Flexible manufacturing production process | 80 | 80 | 30 | 50 | 27 | 23 | | | | |
| ***Funding agreement for colleges and universities*** | | | | | | | | | | |
| Government of Alberta | 195 | 195 | 171 | 24 | 24 | | | | | |
| Government of British Columbia | 233 | 233 | 204 | 29 | 29 | | | | | |
| Government of Ontario | 780 | 780 | 682 | 98 | 98 | | | | | |
| Ministry of Economic Development, Innovation and Export Trade | 458 | 458 | 401 | 57 | 57 | | | | | |
| ***Linemar Corporation*** | | | | | | | | | | |
| Development and commercialization of green technologies | 55 | 55 | 5 | 50 | 25 | 25 | | | | |
| ***Magellan Aerospace Limited (previously Bristol Aerospace Limited)*** | | | | | | | | | | |
| Research and development for manufacturing F-35 JS | 43 | 43 | 11 | 32 | 10 | 8 | 14 | | | |
| ***Mechtronix Systems Limited*** | | | | | | | | | | |
| Research and development for flight simulation program | 19 | 19 | 5 | 14 | 4 | 4 | 4 | 2 | | |
| ***Pratt & Whitney Canada Corporation*** | | | | | | | | | | |
| Gas turbine engine research program | 650 | 650 | 333 | 317 | 77 | 80 | 80 | 80 | | |
| ***Ultra Electronics TCS Inc*** | | | | | | | | | | |
| High capacity radio | 32 | 32 | 4 | 28 | 6 | 6 | 5 | 5 | 6 | |
| ***University of Waterloo*** | | | | | | | | | | |
| Application of quantum mechanical technology | 50 | 50 | 33 | 17 | 5 | 6 | 6 | | | |

## TABLE 11.3

## TRANSFER PAYMENT AGREEMENTS, CAPITAL ASSETS, PURCHASES AND OPERATING LEASES AS AT MARCH 31, 2011—*Continued*

(in millions of dollars)

| | Total estimated cost | Amount contracted | Amount disbursed | Outstanding obligation | Outstanding obligations to be disbursed by March 31 | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 and subse-quently |
| ***Canadian Space Agency—*** | | | | | | | | | | |
| European Space Agency, Paris, France Earth Observation, Exploration and Telecommunications Programs | 497 | 497 | 338 | 159 | 32 | 24 | 21 | 18 | 18 | 46 |
| ***Federal Economic Development Agency for Southern Ontario—*** | | | | | | | | | | |
| ***Juvenile Diabetes Research Foundation Canada*** | | | | | | | | | | |
| Funding for research | 20 | 20 | 10 | 10 | 10 | | | | | |
| ***The Corporation of the City of Brantford*** | | | | | | | | | | |
| Brownsfield redevelopment project | 12 | 12 | | 12 | 12 | | | | | |
| ***University of Toronto*** | | | | | | | | | | |
| Canada Centre for Global Securities Studies | 25 | 25 | 10 | 15 | 7 | 4 | 4 | | | |
| ***National Research Council of Canada—*** | | | | | | | | | | |
| ***Canada-France-Hawaii Telescope Corporation*** | | | | | | | | | | |
| Partnership to operate a jointly owned optical telescope | 112 | 112 | 100 | 12 | 3 | 3 | 3 | 3 | | |
| ***Triumf*** | | | | | | | | | | |
| Joint venture by a consortium of universities to manage the TRIUMF Facility in British Columbia | 203 | 203 | 26 | 177 | 44 | 44 | 44 | 45 | | |
| | *4,497* | *4,497* | *2,913* | *1,584* | *601* | *381* | *326* | *164* | *37* | *75* |
| **Justice—** | | | | | | | | | | |
| ***Care and services provided to young persons dealt with under the Young Offenders Act*** | | | | | | | | | | |
| Government of Alberta | 85 | 85 | | 85 | 17 | 17 | 17 | 17 | 17 | |
| Government of British Columbia | 111 | 111 | | 111 | 22 | 22 | 22 | 22 | 23 | |
| Government of Ontario | 319 | 319 | | 319 | 64 | 64 | 64 | 64 | 63 | |
| Government of Quebec | 183 | 183 | | 183 | 37 | 37 | 37 | 36 | 36 | |
| Other provinces | 189 | 189 | | 189 | 38 | 38 | 38 | 38 | 37 | |
| ***Criminal Legal Aid Services and Systems*** | | | | | | | | | | |
| Government of Alberta | 52 | 52 | 42 | 10 | 10 | | | | | |
| Government of British Columbia | 68 | 68 | 55 | 13 | 13 | | | | | |
| Government of Ontario | 216 | 216 | 173 | 43 | 43 | | | | | |
| Government of Quebec | 117 | 117 | 94 | 23 | 23 | | | | | |
| Other provinces | 87 | 87 | 70 | 17 | 17 | | | | | |
| Immigration and refugee legal aid | 68 | 68 | 57 | 11 | 11 | | | | | |
| ***Other Programs provided to young persons dealt with under the Young Offenders Act*** | | | | | | | | | | |
| Intensive Rehabilitative Custody Supervision | 53 | 53 | 31 | 22 | 11 | 11 | | | | |
| | *1,548* | *1,548* | *522* | *1,026* | *306* | *189* | *178* | *177* | *176* | |
| **Natural Resources—** | | | | | | | | | | |
| ***Government of Saskatchewan*** | | | | | | | | | | |
| Gunnar and Lorado agreement | 12 | 12 | 1 | 11 | | 1 | 3 | 2 | 2 | 3 |
| ***Clean Energy Fund*** | | | | | | | | | | |
| City of Yellowknife | 14 | 14 | | 14 | 8 | 6 | | | | |
| Enhance Energy Inc | 30 | 30 | 11 | 19 | 9 | 10 | | | | |
| New Brunswick Power | 16 | 16 | 4 | 12 | 8 | 3 | 1 | | | |
| Shell Canada Ltd | 120 | 120 | 75 | 45 | 45 | | | | | |
| ***ecoENERGY for Biofuels—Support the production of renewable alternatives to gasoline and diesel*** | | | | | | | | | | |
| Alberta Ethanol and Biodiesel | 30 | 30 | | 30 | | 3 | 9 | 8 | 6 | 4 |
| Amaizeingly Green LP | 32 | 28 | 13 | 15 | 5 | 4 | 3 | 3 | | |

## TABLE 11.3

## TRANSFER PAYMENT AGREEMENTS, CAPITAL ASSETS, PURCHASES AND OPERATING LEASES AS AT MARCH 31, 2011—*Continued*

(in millions of dollars)

| | Total estimated cost | Amount contracted | Amount disbursed | Outstanding obligation | Outstanding obligations to be disbursed by March 31 | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 and subsequently |
| Biocardel Quebec | 19 | 17 | | 17 | 3 | 4 | 3 | 3 | 2 | 2 |
| Biox Canada Limited | 77 | 68 | 36 | 32 | 12 | 9 | 6 | 5 | | |
| Greenfield Ethanol Inc – Chatham | 71 | 65 | 32 | 33 | 10 | 9 | 8 | 6 | | |
| Greenfield Ethanol Inc – Varennes | 82 | 82 | 43 | 39 | 12 | 11 | 9 | 7 | | |
| Greenfield Johnstown Limited | 115 | 110 | 47 | 63 | 18 | 16 | 13 | 11 | 5 | |
| Husky Oil Limited – Lloydminster | 71 | 62 | 23 | 39 | 12 | 11 | 9 | 7 | | |
| Husky Oil Limited – Minnedosa | 72 | 72 | 38 | 34 | 10 | 9 | 8 | 7 | | |
| Integrated Grain Processors Cooperative Inc | 83 | 83 | 38 | 45 | 13 | 11 | 10 | 8 | 3 | |
| Kawartha Ethanol Inc | 33 | 32 | 5 | 27 | 6 | 6 | 5 | 4 | 3 | 3 |
| Permolex Ltd | 23 | 22 | 11 | 11 | 3 | 3 | 3 | 2 | | |
| QFI Biodiesel | 34 | 25 | | 25 | 7 | 6 | 4 | 3 | 2 | 3 |
| Rothsay | 51 | 49 | 27 | 22 | 8 | 6 | 4 | 4 | | |
| Suncor Energy Products Inc | 108 | 107 | 55 | 52 | 16 | 14 | 12 | 10 | | |
| Terra Grain Fuels Inc | 76 | 63 | 29 | 34 | 10 | 9 | 8 | 7 | | |
| ***ecoENERGY for Renewable Power Program—Increase renewable power*** | | | | | | | | | | |
| 4480121 Canada Inc | 15 | 15 | | 15 | 1 | 1 | 2 | 2 | 2 | 7 |
| Abitibi-Consolidated Company of Canada | 24 | 24 | 2 | 22 | 2 | 2 | 2 | 3 | 3 | 10 |
| Ashlu Creek Investments Limited Partnership | 26 | 26 | 3 | 23 | 3 | 2 | 2 | 3 | 3 | 10 |
| Bear Mountain Wind Limited Partnership | 21 | 21 | 2 | 19 | 2 | 2 | 2 | 2 | 2 | 9 |
| Brilliant Expansion Power Corporation | 47 | 47 | 14 | 33 | 5 | 5 | 5 | 5 | 4 | 9 |
| Brookfield Power Wind Prince LP | 53 | 53 | 18 | 35 | 5 | 5 | 5 | 5 | 6 | 9 |
| Canadian Hydro Developers Inc | 35 | 35 | 7 | 28 | 4 | 4 | 3 | 3 | 4 | 10 |
| Canadian Renewable Energy Corporation | 60 | 60 | 8 | 52 | 6 | 6 | 6 | 6 | 6 | 22 |
| Caribou Wind Park Limited Partnership | 29 | 29 | 3 | 26 | 3 | 3 | 3 | 3 | 3 | 11 |
| Cartier Énergie Éolienne Inc (1 of 3) | 31 | 31 | 10 | 21 | 3 | 3 | 3 | 3 | 3 | 6 |
| Cartier Énergie Éolienne Inc (2 of 3) | 31 | 31 | 12 | 19 | 3 | 3 | 3 | 3 | 3 | 4 |
| Cartier Énergie Éolienne Inc (3 of 3) | 34 | 34 | 8 | 26 | 4 | 3 | 3 | 3 | 4 | 9 |
| Castle Rock Ridge Limited Partnership | 23 | 23 | | 23 | 2 | 2 | 2 | 2 | 3 | 12 |
| Dokie General Partnership | 33 | 33 | | 33 | 3 | 3 | 3 | 4 | 4 | 16 |
| Enbridge Ontario Wind Power LP | 48 | 48 | 9 | 39 | 5 | 5 | 5 | 5 | 5 | 14 |
| Ghost Pine Windfarm LP | 25 | 25 | 1 | 24 | 3 | 3 | 2 | 2 | 2 | 12 |
| Glen Dhu Wind Energy Ltd. | 19 | 19 | | 19 | 2 | 2 | 2 | 2 | 2 | 9 |
| Gosfield Wind Limited Partnership | 15 | 15 | 1 | 14 | 2 | 2 | 1 | 1 | 1 | 7 |
| Harrison Hydro Limited Partnership (1 of 2) | 35 | 35 | 5 | 30 | 4 | 3 | 3 | 4 | 4 | 12 |
| Harrison Hydro Limited Partnership (2 of 2) | 25 | 25 | 2 | 23 | 3 | 2 | 2 | 2 | 3 | 11 |
| Kettles Hill Wind Energy Inc | 17 | 17 | 6 | 11 | 2 | 2 | 2 | 2 | 1 | 2 |
| Kruger Energy Chatham LP | 31 | 31 | 1 | 30 | 3 | 3 | 3 | 3 | 3 | 15 |
| Kruger Energy Port Alma LP | 31 | 31 | 8 | 23 | 3 | 3 | 3 | 3 | 3 | 8 |
| Lameque Wind Power LP | 14 | 14 | | 14 | 1 | 1 | 1 | 2 | 2 | 7 |
| Magpie Limited Partnership | 18 | 18 | 6 | 12 | 1 | 2 | 2 | 2 | 2 | 3 |
| Mont Louis Wind LP | 31 | 31 | | 31 | 3 | 3 | 3 | 3 | 3 | 16 |
| Raleigh Wind Power Partnership | 24 | 24 | | 24 | 2 | 2 | 2 | 3 | 3 | 12 |
| RMSEnergy Dalhousie Mountain LP | 16 | 16 | 2 | 14 | 1 | 1 | 2 | 2 | 2 | 6 |
| Saint-Ulric Saint-Léandre Wind LP | 37 | 37 | 4 | 33 | 4 | 4 | 4 | 4 | 4 | 13 |
| St Joseph WindFarm Inc | 43 | 43 | | 43 | 4 | 4 | 4 | 5 | 5 | 21 |
| Suncor Energy Products Inc | 22 | 22 | 7 | 15 | 2 | 2 | 2 | 2 | 2 | 5 |
| Talbot Windfarm LP | 30 | 30 | 1 | 29 | 3 | 3 | 3 | 3 | 3 | 14 |
| Teba Montrose General Partnership | 73 | 73 | 3 | 70 | 7 | 7 | 7 | 7 | 8 | 34 |
| TransAlta Corporation (1 of 5) | 29 | 29 | 5 | 24 | 3 | 3 | 3 | 3 | 3 | 9 |
| TransAlta Corporation (2 of 5) | 20 | 20 | 2 | 18 | 2 | 2 | 2 | 2 | 2 | 8 |
| TransAlta Corporation (3 of 5) | 18 | 18 | 1 | 17 | 2 | 2 | 2 | 2 | 2 | 7 |
| TransAlta Corporation (4 of 5) | 21 | 21 | 1 | 20 | 2 | 2 | 2 | 2 | 2 | 10 |
| TransAlta Corporation (5 of 5) | 14 | 14 | 1 | 13 | 1 | 1 | 1 | 1 | 2 | 7 |
| West Cape Wind Energy Inc | 24 | 24 | 4 | 20 | 2 | 2 | 2 | 3 | 3 | 8 |
| Weyerhaeuser Canada Ltd | 32 | 32 | 2 | 30 | 2 | 2 | 2 | 3 | 3 | 18 |
| ***ecoENERGY Technology Initiative*** | | | | | | | | | | |
| Enhance Energy Inc | 33 | 33 | 20 | 13 | 13 | | | | | |
| Westcoast Engery Inc | 17 | 17 | 4 | 13 | 13 | | | | | |
| ***Wind Power Production Incentive*** | | | | | | | | | | |
| Canadian Hydro Developers Inc | 19 | 19 | 8 | 11 | 2 | 2 | 2 | 2 | 2 | 1 |

## TABLE 11.3
## TRANSFER PAYMENT AGREEMENTS, CAPITAL ASSETS, PURCHASES AND OPERATING LEASES AS AT MARCH 31, 2011—*Continued*

(in millions of dollars)

| | | | | | Outstanding obligations to be disbursed by March 31 | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Total estimated cost | Amount contracted | Amount disbursed | Outstanding obligation | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 and subsequently |
| Énergie éolienne du Mont Miller Société en commandite | 20 | 20 | 9 | 11 | 2 | 2 | 2 | 2 | | 3 |
| ENMAX Green Power Inc | 24 | 24 | 8 | 16 | 3 | 2 | 2 | 2 | 3 | 4 |
| Erie Shores Wind Farm LP | 26 | 26 | 12 | 14 | 3 | 3 | 3 | 2 | 2 | 1 |
| GW Power Corporation | 25 | 25 | 11 | 14 | 3 | 3 | 2 | 2 | 2 | 2 |
| Saskatchewan Power International Inc | 54 | 54 | 24 | 30 | 6 | 6 | 5 | 5 | 5 | 3 |
| St Leon Wind Energy LP | 30 | 30 | 15 | 15 | 3 | 3 | 3 | 3 | 3 | |
| TransAlta Energy Corporation (1 of 2) | 34 | 34 | 21 | 13 | 3 | 4 | 1 | | | 5 |
| TransAlta Energy Corporation (2 of 2) | 25 | 25 | 13 | 12 | 2 | 3 | 3 | 1 | | 3 |
| ***The Pulp and Paper Transformation Program*** | | | | | | | | | | |
| AbiBow Canada Inc | 27 | 27 | 2 | 25 | 25 | | | | | |
| Alberta Pacific Forest Industries | 63 | 63 | 46 | 17 | 17 | | | | | |
| ARC Resources Ltd | 12 | 12 | 1 | 11 | 11 | | | | | |
| AV Nackawic Inc | 12 | 12 | 1 | 11 | 11 | | | | | |
| Canfor Pulp Limited Partnership | 100 | 100 | 37 | 63 | 63 | | | | | |
| Cariboo Pulp and Paper | 41 | 41 | 12 | 29 | 29 | | | | | |
| Catalyst Power Corporation | 13 | 13 | 1 | 12 | 12 | | | | | |
| Daishowa-Marubeni International Ltd | 41 | 41 | 27 | 14 | 14 | | | | | |
| Domtar Pulp and Paper Products (1 of 3) | 23 | 23 | 11 | 12 | 12 | | | | | |
| Domtar Pulp and Paper Products (2 of 3) | 76 | 76 | 61 | 15 | 15 | | | | | |
| Domtar Pulp and Paper Products (3 of 3) | 30 | 30 | 11 | 19 | 19 | | | | | |
| Emballages Smurfit-Stone Canada Ltd | 24 | 24 | 6 | 18 | 18 | | | | | |
| Howe Sound Pulp & Paper Ltd | 37 | 37 | 14 | 23 | 23 | | | | | |
| Northern Pulp Nova Scotia Corporation | 28 | 28 | 5 | 23 | 23 | | | | | |
| Tembec General Partnership | 19 | 19 | 2 | 17 | 17 | | | | | |
| West Fraser Mills | 38 | 38 | 13 | 25 | 25 | | | | | |
| | *3,234* | *3,172* | *1,042* | *2,130* | *717* | *291* | *252* | *236* | *165* | *469* |
| **Public Safety and Emergency Preparedness—** | | | | | | | | | | |
| ***Department—*** | | | | | | | | | | |
| Disaster Financial Assistance Program | 135 | 135 | 42 | 93 | 37 | 30 | 18 | 7 | 1 | |
| First Nation Policing Program | 266 | 266 | 192 | 74 | 61 | 11 | 2 | | | |
| Safer Communities Initiative | 1,316 | 1,316 | 770 | 546 | 105 | 97 | 99 | 120 | 105 | 20 |
| ***Royal Canadian Mounted Police—*** | | | | | | | | | | |
| Canadian Firearms Program | 14 | 14 | | 14 | 14 | | | | | |
| | *1,731* | *1,731* | *1,004* | *727* | *217* | *138* | *119* | *127* | *106* | *20* |
| **Transport—** | | | | | | | | | | |
| ***Department—*** | | | | | | | | | | |
| Airport Capital Assistance Program | 30 | 30 | 2 | 28 | 28 | | | | | |
| ***BC Ferries*** | | | | | | | | | | |
| Grant for the provision of ferry and coastal freight and passenger services | 486 | 486 | 318 | 168 | 28 | 28 | 28 | 28 | 28 | 28 |
| ***Buffalo and Fort Erie Public Bridge Authority*** | | | | | | | | | | |
| Gateways and Border Crossing Fund | 62 | 62 | 49 | 13 | 13 | | | | | |
| ***City of Calgary*** | | | | | | | | | | |
| Gateways and Border Crossing Fund | 35 | 35 | 8 | 27 | 17 | 10 | | | | |
| ***City of Regina*** | | | | | | | | | | |
| Gateways and Border Crossing Fund | 27 | 27 | 7 | 20 | 4 | 7 | 9 | | | |
| ***City of Saskatoon*** | | | | | | | | | | |
| Gateways and Border Crossing Fund | 96 | 96 | 36 | 60 | 38 | 18 | 4 | | | |

## TABLE 11.3
## TRANSFER PAYMENT AGREEMENTS, CAPITAL ASSETS, PURCHASES AND OPERATING LEASES AS AT MARCH 31, 2011—*Continued*

(in millions of dollars)

| | Total estimated cost | Amount contracted | Amount disbursed | Outstanding obligation | Outstanding obligations to be disbursed by March 31 | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 and subsequently |
| ***Government of British Columbia*** | | | | | | | | | | |
| Asia-Pacific Gateway and Corridor Initiative | 490 | 490 | 280 | 210 | 114 | 75 | 21 | | | |
| ***Government of Manitoba*** | | | | | | | | | | |
| Asia-Pacific Gateway and Corridor Initiative | 33 | 33 | 2 | 31 | 14 | 14 | 3 | | | |
| Gateways and Border Crossing Fund | 64 | 64 | 10 | 54 | 11 | 28 | 15 | | | |
| ***Government of Quebec*** | | | | | | | | | | |
| Outaouais Road Agreement | 159 | 159 | 89 | 70 | 20 | 21 | 15 | 5 | 6 | 3 |
| ***Halifax Port Authority*** | | | | | | | | | | |
| Gateways and Border Crossing Fund | 54 | 54 | 8 | 46 | 19 | 13 | 14 | | | |
| ***Oshawa Harbour Commission*** | | | | | | | | | | |
| Port consolidation, fencing and landscaping projects | 10 | 10 | | 10 | 2 | 7 | 1 | | | |
| ***Port Metro Vancouver*** | | | | | | | | | | |
| Asia-Pacific Gateway and Corridor Initiative | 60 | 60 | 4 | 56 | 14 | 22 | 20 | | | |
| ***St Mary's River Bridge Company*** | | | | | | | | | | |
| Gateways and Border Crossing Fund | 44 | 44 | 1 | 43 | 8 | 16 | 19 | | | |
| ***Office of Infrastructure of Canada—Aggregate of transfer payments under $10,000,000 by program*** | | | | | | | | | | |
| Building Canada Fund – Communities Component top up | 66 | 66 | 50 | 16 | 16 | | | | | |
| Building Canada Fund – Major Infrastructure Fund | 126 | 126 | 60 | 66 | 50 | 14 | 2 | | | |
| Canada Strategic Infrastructure Fund | 377 | 377 | 300 | 77 | 61 | 13 | 1 | 1 | 1 | |
| Infrastructure Stimulus Fund | 322 | 322 | 268 | 54 | 54 | | | | | |
| Municipal Rural Infrastructure Fund | 330 | 330 | 302 | 28 | 28 | | | | | |
| ***Association of Municipalities of Ontario, city of Toronto, local services boards and local roads boards and the Government of Ontario*** | | | | | | | | | | |
| Gas Tax Fund | 4,853 | 4,853 | 2,612 | 2,241 | 747 | 747 | 747 | | | |
| ***Calgary Exhibition and Stampede Limited*** | | | | | | | | | | |
| Contribution for the Calgary Exhibition and Stampede Park | 25 | 25 | | 25 | 2 | 8 | 9 | 6 | | |
| ***City of Brampton*** | | | | | | | | | | |
| Contribution to support the implementation of the Brampton Acceleride Bus Rapid Transit (BRT) project | 53 | 53 | 22 | 31 | 18 | 13 | | | | |
| ***City of Brockville*** | | | | | | | | | | |
| Contribution to upgrade the wastewater system | 23 | 23 | 11 | 12 | 12 | | | | | |
| ***City of Calgary*** | | | | | | | | | | |
| Contribution for Calgary Transit Projects | 51 | 51 | 5 | 46 | 27 | 9 | 6 | 4 | | |
| Infrastructure Stimulus Fund projects | 39 | 39 | 12 | 27 | 27 | | | | | |
| ***City of Cornwall*** | | | | | | | | | | |
| Contribution to upgrade the Cornwall Wastewater Treament Plant | 19 | 19 | | 19 | 6 | 7 | 6 | | | |
| ***City of Hamilton*** | | | | | | | | | | |
| Wastewater treatment and collection system improvement | 35 | 35 | 7 | 28 | 28 | | | | | |

## TABLE 11.3

## TRANSFER PAYMENT AGREEMENTS, CAPITAL ASSETS, PURCHASES AND OPERATING LEASES AS AT MARCH 31, 2011—*Continued*

(in millions of dollars)

| | Total estimated cost | Amount contracted | Amount disbursed | Outstanding obligation | Outstanding obligations to be disbursed by March 31 | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 and subse-quently |
| ***City of Mississauga and Greater Toronto Transit Authority*** | | | | | | | | | | |
| Contribution for the implementation of an east-west bus rapid transit corridor | 83 | 83 | 7 | 76 | 46 | 30 | | | | |
| ***City of Ottawa*** | | | | | | | | | | |
| Contribution for the Strandherd-Armstrong Bridge | 16 | 16 | 3 | 13 | 12 | 1 | | | | |
| ***City of Saint John, New Brunswick*** | | | | | | | | | | |
| Contribution to support the wastewater treatment facility upgrade | 27 | 27 | 16 | 11 | 11 | | | | | |
| ***City of Saskatoon*** | | | | | | | | | | |
| Contributions for the Art Gallery of Saskatchewan | 13 | 13 | | 13 | 1 | 2 | 7 | 3 | | |
| ***City of Toronto*** | | | | | | | | | | |
| Infrastructure Stimulus Fund projects | 188 | 188 | 142 | 46 | 46 | | | | | |
| Revitalization of Union Station | 133 | 133 | 10 | 123 | 39 | 40 | 32 | 12 | | |
| ***City of Toronto and the Municipality of York*** | | | | | | | | | | |
| Contribution for the implementation of an extension to the Toronto subway system | 622 | 622 | 102 | 520 | 243 | 127 | 74 | 57 | 19 | |
| ***City of Toronto and the Toronto Transit Commission*** | | | | | | | | | | |
| Contribution towards the modernization and expansion of bus, streetcar and subway services | 304 | 304 | 289 | 15 | 15 | | | | | |
| ***City of Victoria*** | | | | | | | | | | |
| Contribution for the replacement of the Johnson St. Bridge and approaches | 21 | 21 | | 21 | 13 | 8 | | | | |
| ***City of Winnipeg*** | | | | | | | | | | |
| Contribution for improvement of wastewater treatment facilities | 42 | 42 | 11 | 31 | 30 | 1 | | | | |
| ***Corporation of the City of St Catharines*** | | | | | | | | | | |
| Contribution to construct a new Centre for the Arts and Recital Hall | 18 | 18 | | 18 | 3 | 2 | 7 | 6 | | |
| ***Flacom Communications*** | | | | | | | | | | |
| Contribution for the Northwest Territories Broadband Infrastructure | 15 | 15 | | 15 | 15 | | | | | |
| ***Government of Alberta*** | | | | | | | | | | |
| Building Canada Fund – Communities Component | 88 | 88 | 35 | 53 | 27 | 26 | | | | |
| Building Canada Fund – Communities Component Top-Up | 52 | 52 | 40 | 12 | 12 | | | | | |
| Contribution for Anthony Henday Drive and Stoney Plain Road | 233 | 233 | 90 | 143 | 89 | 29 | 25 | | | |
| Contribution for the twinning of Highway 63 | 150 | 150 | 27 | 123 | 2 | 54 | 33 | 25 | 9 | |
| Gas Tax Fund | 1,275 | 1,275 | 382 | 893 | 494 | 200 | 199 | | | |
| Infrastructure Stimulus Fund projects | 350 | 350 | 285 | 65 | 65 | | | | | |
| Provincial-Territorial Infrastructure Base Funding Program | 175 | 175 | 150 | 25 | 25 | | | | | |
| ***Government of British Columbia*** | | | | | | | | | | |
| Building Canada Fund – Communities Component | 136 | 136 | 16 | 120 | 41 | 56 | 23 | | | |
| Building Canada Fund – Communities Component Top-Up | 65 | 65 | 44 | 21 | 21 | | | | | |
| Infrastructure Stimulus Fund projects | 406 | 406 | 310 | 96 | 96 | | | | | |
| Municipal Rural Infrastructure Fund | 75 | 75 | 51 | 24 | 24 | | | | | |

## TABLE 11.3

## TRANSFER PAYMENT AGREEMENTS, CAPITAL ASSETS, PURCHASES AND OPERATING LEASES AS AT MARCH 31, 2011—*Continued*

(in millions of dollars)

| | | | | | Outstanding obligations to be disbursed by March 31 | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Total estimated cost | Amount contracted | Amount disbursed | Outstanding obligation | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 and subsequently |
| National Highway System Projects | 216 | 216 | | 216 | 187 | 29 | | | | |
| Northwest Transmission Line Project | 130 | 130 | | 130 | 61 | 59 | 10 | | | |
| Transit Improvement Program | 118 | 118 | 13 | 105 | 67 | 13 | 11 | 5 | 5 | 4 |
| ***Government of Manitoba*** | | | | | | | | | | |
| Building Canada Fund – Communities Component | 41 | 41 | 7 | 34 | 34 | | | | | |
| Gas Tax Fund | 432 | 432 | 234 | 198 | 66 | 66 | 66 | | | |
| Infrastructure Stimulus Fund projects | 140 | 140 | 122 | 18 | 18 | | | | | |
| Municipal Rural Infrastructure Fund | 49 | 49 | 38 | 11 | 5 | 6 | | | | |
| Provincial-Territorial Infrastructure Base Funding Program | 175 | 175 | 160 | 15 | 5 | 10 | | | | |
| ***Government of New Brunswick*** | | | | | | | | | | |
| Building Canada Fund – Communities Component | 33 | 33 | 14 | 19 | 14 | 5 | | | | |
| Gas Tax Fund | 295 | 295 | 125 | 170 | 81 | 45 | 44 | | | |
| Provincial-Territorial Infrastructure Base Funding Program | 175 | 175 | 75 | 100 | 50 | 25 | 25 | | | |
| Road infrastructure improvements | 114 | 114 | 78 | 36 | 25 | 11 | | | | |
| ***Government of Newfoundland and Labrador*** | | | | | | | | | | |
| Building Canada Fund – Communities Component | 56 | 56 | 18 | 38 | 36 | 2 | | | | |
| Contribution towards highway improvements – Major Infrastructure Component | 68 | 68 | 19 | 49 | 25 | 16 | 8 | | | |
| Gas Tax Fund | 207 | 207 | 113 | 94 | 32 | 31 | 31 | | | |
| Infrastructure Stimulus Fund projects | 59 | 59 | 36 | 23 | 23 | | | | | |
| Provincial-Territorial Infrastructure Base Funding Program | 175 | 175 | 100 | 75 | 25 | 25 | 25 | | | |
| ***Government of Nova Scotia*** | | | | | | | | | | |
| Building Canada Fund – Communities Component | 37 | 37 | 14 | 23 | 16 | 7 | | | | |
| Contribution for the construction of a four lane Highway 104 | 53 | 53 | 14 | 39 | 17 | 14 | 8 | | | |
| Gas Tax Fund | 369 | 369 | 201 | 168 | 56 | 56 | 56 | | | |
| Infrastructure Stimulus Fund projects | 98 | 98 | 87 | 11 | 11 | | | | | |
| Provincial-Territorial Infrastructure Base Funding Program | 175 | 175 | 92 | 83 | 45 | 23 | 15 | | | |
| ***Government of Nunavut*** | | | | | | | | | | |
| Gas Tax Fund | 98 | 98 | 53 | 45 | 15 | 15 | 15 | | | |
| Municipal Rural Infrastructure Fund | 19 | 19 | 7 | 12 | 11 | 1 | | | | |
| Provincial-Territorial Infrastructure Base Funding Program | 183 | 183 | 104 | 79 | 26 | 26 | 27 | | | |
| ***Government of Ontario*** | | | | | | | | | | |
| Building Canada Fund – Communities Component | 362 | 362 | 153 | 209 | 89 | 70 | 50 | | | |
| Building Canada Fund – Communities Component Top-Up | 196 | 196 | 115 | 81 | 81 | | | | | |
| Contribution for the reconstruction and widening of highways 8 and 69 | 66 | 66 | 42 | 24 | 15 | 6 | 3 | | | |
| Contributions for the Ontario Regional Broadband Network | 55 | 55 | 5 | 50 | 23 | 14 | 13 | | | |

## TABLE 11.3

## TRANSFER PAYMENT AGREEMENTS, CAPITAL ASSETS, PURCHASES AND OPERATING LEASES AS AT MARCH 31, 2011—*Continued*

(in millions of dollars)

| | Total estimated cost | Amount contracted | Amount disbursed | Outstanding obligation | Outstanding obligations to be disbursed by March 31 | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 and subsequently |
| Infrastructure Stimulus Fund projects | 1,163 | 1,163 | 996 | 167 | 167 | | | | | |
| Municipal Rural Infrastructure Fund | 362 | 362 | 304 | 58 | 25 | 33 | | | | |
| Road infrastructure improvements leading to border crossings in Windsor | 140 | 140 | 114 | 26 | 20 | 6 | | | | |
| ***Government of Prince Edward Island*** | | | | | | | | | | |
| Gas Tax Fund | 98 | 98 | 53 | 45 | 15 | 15 | 15 | | | |
| Provincial-Territorial Infrastructure Base Funding Program | 175 | 175 | 134 | 41 | 41 | | | | | |
| ***Government of Quebec*** | | | | | | | | | | |
| Border Infrastructure Fund | 147 | 147 | 41 | 106 | 35 | 41 | 26 | 4 | | |
| Building Canada Fund – Communities Component | 410 | 410 | 8 | 402 | 122 | 95 | 70 | 55 | 60 | |
| Building Canada Fund – Communities Component Top-Up | 116 | 116 | 84 | 32 | 32 | | | | | |
| Building Canada Fund – Major Infrastructure Component | 1,058 | 1,058 | 83 | 975 | 543 | 393 | 31 | 8 | | |
| Contribution to complete highways 50, 185 and 35 | 445 | 445 | 175 | 270 | 74 | 74 | 64 | 37 | 21 | |
| Gas Tax Fund | 3,005 | 3,005 | 1,614 | 1,391 | 464 | 464 | 463 | | | |
| Improve rail infrastructure for ten railway short lines | 30 | 30 | 19 | 11 | 6 | 2 | 3 | | | |
| Infrastructure Stimulus Fund projects | | | | | | | | | | |
| Agreement 1 of 2 | 454 | 454 | 308 | 146 | 146 | | | | | |
| Agreement 2 of 2 | 350 | 350 | 168 | 182 | 182 | | | | | |
| Municipal Rural Infrastructure Fund | 235 | 235 | 121 | 114 | 114 | | | | | |
| Provincial-Territorial Infrastructure Base Funding Program | 175 | 175 | 150 | 25 | 25 | | | | | |
| Upgrade and standardize the Charles J. Des Baillets and Atwater drinking water treatment plants | 59 | 59 | 21 | 38 | 35 | 3 | | | | |
| ***Government of Saskatchewan*** | | | | | | | | | | |
| Building Canada Fund – Communities Component | 99 | 99 | 45 | 54 | 46 | 8 | | | | |
| Contributions for highway projects | 95 | 95 | 24 | 71 | 32 | 25 | 7 | 7 | | |
| Gas Tax Fund | 372 | 372 | 204 | 168 | 56 | 56 | 56 | | | |
| Infrastructure Stimulus Fund projects | 116 | 116 | 106 | 10 | 10 | | | | | |
| Provincial-Territorial Infrastructure Base Funding Program | 175 | 175 | 115 | 60 | 45 | 5 | 10 | | | |
| ***Government of the Northwest Territories*** | | | | | | | | | | |
| Gas Tax Fund | 98 | 98 | 53 | 45 | 15 | 15 | 15 | | | |
| Provincial-Territorial Infrastructure Base Funding Program | 186 | 186 | 150 | 36 | 21 | 11 | 4 | | | |
| ***Government of the Yukon Territory*** | | | | | | | | | | |
| Gas Tax Fund | 98 | 98 | 30 | 68 | 38 | 15 | 15 | | | |
| Provincial-Territorial Infrastructure Base Funding Program | 183 | 183 | 104 | 79 | 26 | 26 | 27 | | | |
| ***Greater Toronto Transit Authority*** | | | | | | | | | | |
| Improve the GO Transit Rail and bus transit system in the Greater Toronto Area | 385 | 385 | 281 | 104 | 25 | 9 | 24 | 46 | | |
| ***Halifax Regional Municipality*** | | | | | | | | | | |
| Construct Halifax Central Library | 18 | 18 | | 18 | 8 | 10 | | | | |

## TABLE 11.3

## TRANSFER PAYMENT AGREEMENTS, CAPITAL ASSETS, PURCHASES AND OPERATING LEASES AS AT MARCH 31, 2011—*Continued*

(in millions of dollars)

| | Total estimated cost | Amount contracted | Amount disbursed | Outstanding obligation | Outstanding obligations to be disbursed by March 31 | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 and subsequently |
| Manitoba Floodway Expansion Authority Inc | 333 | 333 | 295 | 38 | 38 | | | | | |
| ***Mont Tremblant Resorts and Company Limited Partnership*** | | | | | | | | | | |
| Development of two new four-season resort villages | 48 | 48 | 19 | 29 | 3 | 6 | 20 | | | |
| ***Municipality of the County of Colchester*** | | | | | | | | | | |
| Construct a multipurpose recreation complex in Truro Heights | 10 | 10 | | 10 | 10 | | | | | |
| ***Municipality of York*** | | | | | | | | | | |
| Duffin Creek water pollution plant project | 47 | 47 | | 47 | 36 | 11 | | | | |
| VIVA bus rapid transit project | 85 | 85 | 5 | 80 | 26 | 37 | 15 | 2 | | |
| ***The Board of Governors of Mount Royal University*** | | | | | | | | | | |
| Construct new integrated Performance Hall and Conservatory | 20 | 20 | 1 | 19 | 4 | 9 | 6 | | | |
| The Calgary Science Centre and the Creative Kids Museum Society | 40 | 40 | 22 | 18 | 18 | | | | | |
| ***The Corporation of the City of London*** | | | | | | | | | | |
| Contribution for capital project of nine components to ensure sustainable regional water supply system | 50 | 50 | 15 | 35 | 26 | 9 | | | | |
| ***The Corporation of the Town of Kirkland Lake*** | | | | | | | | | | |
| Decommission of existing wastewater treatment plant facility and conversion into pumping station | 16 | 16 | | 16 | 2 | 11 | 3 | | | |
| ***Union of British Columbia Municipalities and the Government of British Columbia*** | | | | | | | | | | |
| Gas Tax Fund | 1,638 | 1,638 | 886 | 752 | 251 | 251 | 250 | | | |
| ***Yukon Energy Corporation*** | | | | | | | | | | |
| Contribution for the construction of hydro facility and Carmacks-Stewart transmission | 71 | 71 | 39 | 32 | 32 | | | | | |
| | *29,255* | *29,255* | *15,299* | *13,956* | *6,749* | *3,861* | *2,851* | *311* | *149* | *35* |
| ***Western Economic Diversification—*** | | | | | | | | | | |
| ***Alberta Infrastructure and Transportation*** | | | | | | | | | | |
| Royal Alberta Museum | *30* | *30* | *10* | *20* | *16* | *4* | | | | |
| Subtotal | 71,480 | 71,370 | 35,252 | 36,118 | 15,559 | 8,766 | 6,370 | 2,744 | 1,721 | 958 |
| **Consolidated Crown Corporations and Other Entities—** | | | | | | | | | | |
| ***Canada Mortgage and Housing Corporation (Minister's account)—*** | | | | | | | | | | |
| Social Housing Program | *63,217*(1) | *63,217* | *41,522* | *21,695*(2) | *1,724* | *1,679* | *1,659* | *1,647* | *1,634* | *13,352* |
| ***International Development Research Centre—*** | | | | | | | | | | |
| Contractual grant payments | *472* | *472* | | *472* | *472* | | | | | |
| ***National Capital Commission—*** | | | | | | | | | | |
| City of Gatineau | *16* | *16* | *6* | *10* | *10* | | | | | |
| Subtotal | 63,705 | 63,705 | 41,528 | 22,177 | 2,206 | 1,679 | 1,659 | 1,647 | 1,634 | 13,352 |
| **Total transfer payment agreements** | **135,185** | **135,075** | **76,780** | **58,295** | **17,765** | **10,445** | **8,029** | **4,391** | **3,355** | **14,310** |

## TABLE 11.3

## TRANSFER PAYMENT AGREEMENTS, CAPITAL ASSETS, PURCHASES AND OPERATING LEASES AS AT MARCH 31, 2011—*Continued*

(in millions of dollars)

| | Total estimated cost | Amount contracted | Amount disbursed | Outstanding obligation | Outstanding obligations to be disbursed by March 31 | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 and subsequently |
| **Capital assets and purchases—** | | | | | | | | | | |
| **Capital assets—** | | | | | | | | | | |
| **Environment—** | | | | | | | | | | |
| ***Department—*** | | | | | | | | | | |
| ***IBM Canada Ltd*** | | | | | | | | | | |
| Supercomputer system, Dorval Que(1) | 32 | 32 | | 32 | 1 | 13 | 13 | 5 | | |
| ***Parks Canada Agency—*** | | | | | | | | | | |
| ***Banff National Park*** | | | | | | | | | | |
| Trans Canada Highway twinning—Economic Action Plan | 130 | 114 | 45 | 69 | 69 | | | | | |
| Trans Canada Highway twinning—Gateway and Borders Crossing Fund | 100 | 76 | 60 | 16 | 16 | | | | | |
| ***Gulf Islands National Park*** | | | | | | | | | | |
| Land acquisition, developments and operations | 31 | 31 | 21 | 10 | 2 | 2 | 2 | 2 | 1 | 1 |
| | *293* | *253* | *126* | *127* | *88* | *15* | *15* | *7* | *1* | *1* |
| **Fisheries and Oceans—** | | | | | | | | | | |
| ***Griffon Hoverwork Limited*** | | | | | | | | | | |
| Construction of one air cushion vehicle | 12 | 12 | | 12 | 5 | 3 | 4 | | | |
| ***Irving Shipbuilding Inc*** | | | | | | | | | | |
| Design and construction of 9 mid-shore patrol vessels | 194 | 194 | 43 | 151 | 70 | 66 | 13 | 2 | | |
| | *206* | *206* | *43* | *163* | *75* | *69* | *17* | *2* | | |
| **Industry—** | | | | | | | | | | |
| ***Canadian Space Agency—*** | | | | | | | | | | |
| ***MacDonald, Dettwiler and Associates Ltd*** | | | | | | | | | | |
| Scientific activities for the construction of the Radarsat Constellation | *143* | *143* | *99* | *44* | *44* | | | | | |
| **National Defence—** | | | | | | | | | | |
| ***Boeing, Ridley Park*** | | | | | | | | | | |
| 15 medium to heavy lift helicopters | 1,352 | 1,352 | 484 | 868 | | | 392 | 327 | 86 | 63 |
| ***BMT Fleet Technology Limited*** | | | | | | | | | | |
| ELMS Services to Ship Design | 56 | 15 | 1 | 14 | 1 | 13 | | | | |
| ***CAE Inc*** | | | | | | | | | | |
| Aircrew Operational Training services | 274 | 274 | 81 | 193 | 109 | 31 | 15 | 9 | 29 | |
| ***DEW Engineering and Development ULC*** | | | | | | | | | | |
| Special equipment vehicle | 131 | 131 | 5 | 126 | 17 | 62 | 46 | 1 | | |
| ***DRS Technologies Canada, Kanata, Ont*** | | | | | | | | | | |
| Shincom Overhaul | 59 | 59 | 38 | 21 | 15 | 6 | | | | |
| ***General Dynamics Canada*** | | | | | | | | | | |
| Land Command Support System engineering and integration longterm support | 325 | 325 | 128 | 197 | 65 | 65 | 67 | | | |
| Wheeled Light Armoured Vehicle Optimized Weapon Systems Support | 424 | 424 | 277 | 147 | 69 | 66 | 12 | | | |
| ***Gilcron Corporation*** | | | | | | | | | | |
| Precision approach radars | 29 | 29 | 6 | 23 | 20 | 3 | | | | |
| ***Krauss Maffei Wegmann*** | | | | | | | | | | |
| A4 Ops - Leopard 2 A4 Ops | 88 | 88 | 21 | 67 | 67 | | | | | |
| Replacement in Kind—Leopard 2 conversion | 39 | 39 | 7 | 32 | 10 | 22 | | | | |
| ***Lockheed Martin Canada*** | | | | | | | | | | |
| Combat Systems Integration | 505 | 361 | 82 | 279 | 7 | 13 | 18 | 18 | 18 | 205 |

## TABLE 11.3
## TRANSFER PAYMENT AGREEMENTS, CAPITAL ASSETS, PURCHASES AND OPERATING LEASES AS AT MARCH 31, 2011—*Continued*

(in millions of dollars)

| | Total estimated cost | Amount contracted | Amount disbursed | Outstanding obligation | Outstanding obligations to be disbursed by March 31 | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 and subsequently |
| ***Lockheed Martin Corporation, USA*** | | | | | | | | | | |
| Aurora Structural Life Extension Project | 280 | 175 | 90 | 85 | 31 | 31 | 23 | | | |
| Purchase of 17 C130J Aircrafts | 2,502 | 2,502 | 1,567 | 935 | 381 | 181 | 147 | 113 | 113 | |
| ***MacDonald Dettwiler and Associates Ltd Richmond, BC*** | | | | | | | | | | |
| CP140 Aurora Aircraft imaging radar acquisition | 280 | 242 | 229 | 13 | 13 | | | | | |
| Naval Combat Operations Trainer | 22 | 12 | 1 | 11 | 3 | 2 | 3 | 3 | | |
| Submarine Command Team Trainer | 28 | 13 | 1 | 12 | 2 | 2 | 3 | 2 | 3 | |
| Surveillance of Space Project | 81 | 81 | 48 | 33 | 20 | 2 | 2 | 3 | 3 | 3 |
| ***Navistar Defence LLC, Warrenville, IL, USA*** | | | | | | | | | | |
| MilCOTS vehicles | 269 | 269 | 258 | 11 | 6 | 5 | | | | |
| ***Plenary Properties*** | | | | | | | | | | |
| Public-private partnership arrangement to design, build, finance and maintain (35 years) | 1,182 | 1,182 | | 1,182 | | | | 308 | 14 | 860 |
| ***Raytheon Canada Limited*** | | | | | | | | | | |
| Repair and conversion of radar equipment | 181 | 181 | 41 | 140 | 24 | 11 | 11 | 11 | 11 | 72 |
| ***Rheinmetall Canada Inc*** | | | | | | | | | | |
| Repair and overhaul | 33 | 32 | | 32 | 16 | 14 | 2 | | | |
| ***Sikorsky International Operations Inc Stratford, CT, USA*** | | | | | | | | | | |
| Acquisition of 28 maritime helicopters | 1,880 | 1,880 | 806 | 1,074 | 444 | 394 | 137 | 99 | | |
| ***Thales Canada Inc, Ottawa, Ont*** | | | | | | | | | | |
| Land Command Support System Software Longterm support | 175 | 175 | 76 | 99 | 40 | 35 | 24 | | | |
| Tactical Control Radar Modernization | 52 | 52 | | 52 | 13 | 23 | 16 | | | |
| ***The Boeing Company, St-Louis, USA*** | | | | | | | | | | |
| Harpoon Weapon System Upgrade | 26 | 26 | 9 | 17 | 11 | 4 | 2 | | | |
| ***Weir Canada Inc*** | | | | | | | | | | |
| Maritime Systems and Engineering | 635 | 136 | 28 | 108 | 20 | 88 | | | | |
| | *10,908* | *10,055* | *4,284* | *5,771* | *1,404* | *1,073* | *920* | *894* | *277* | *1,203* |
| **Public Safety and Emergency Preparedness—** | | | | | | | | | | |
| ***Royal Canadian Mounted Police—*** | | | | | | | | | | |
| RCMP Fleet Vehicles | 72 | 72 | 39 | 33 | 33 | | | | | |
| **Public Works and Government Services—** | | | | | | | | | | |
| 180 Wellington Building renovation | 425 | 89 | 43 | 46 | 36 | 7 | 2 | 1 | | |
| ***Bird Design-Build Construction Ltd*** | | | | | | | | | | |
| Kingsgate border crossing replacement | 15 | 15 | 3 | 12 | 12 | | | | | |
| ***Broccolini Construction*** | | | | | | | | | | |
| 22 Eddy Street, Gatineau Que(3) | 298 | 298 | | 298 | | | 11 | 12 | 12 | 263 |
| 455 De la Carrière Boulevard, Gatineau Que(3) | 227 | 227 | | 227 | | 4 | 8 | 9 | 9 | 197 |
| ***Green Timbers Limited Partnership*** | | | | | | | | | | |
| RCMP "E" Division relocation | 263 | 263 | 41 | 222 | 40 | 41 | 5 | 5 | 5 | 126 |
| ***HDK Canada Ltd, Marco Maritimes Limited and Maricon Construction Management Limited*** | | | | | | | | | | |
| New lab science building | 41 | 41 | 31 | 10 | 10 | | | | | |
| ***Multivesco Inc*** | | | | | | | | | | |
| 30 Victoria Street, Gatineau Que(3) | 298 | 298 | | 298 | | | 10 | 12 | 12 | 264 |
| ***North Country Maintenance Inc*** | | | | | | | | | | |
| North Alaska Highway maintenance and repair | 22 | 22 | 11 | 11 | 5 | 6 | | | | |

## TABLE 11.3

## TRANSFER PAYMENT AGREEMENTS, CAPITAL ASSETS, PURCHASES AND OPERATING LEASES AS AT MARCH 31, 2011—*Continued*

(in millions of dollars)

| | Total estimated cost | Amount contracted | Amount disbursed | Outstanding obligation | Outstanding obligations to be disbursed by March 31 | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 and subse-quently |
| ***PCL Construction Management Inc*** | | | | | | | | | | |
| Renovations of the RCMP Fort Macleod dorm, RCMP Training Academy | 26 | 26 | 2 | 24 | 20 | 4 | | | | |
| Renovations of the Cadet Accommodation Building, RCMP Training Academy | 26 | 26 | 11 | 15 | 15 | | | | | |
| ***PCL Constructors Canada Inc*** | | | | | | | | | | |
| New "H" Division Construction, RCMP | 66 | 66 | 14 | 52 | 28 | 24 | | | | |
| Renovations to JC Wilt Infectious Diseases Research Centre | 23 | 23 | 1 | 22 | 13 | 9 | | | | |
| ***The Great-West Life Assurance Company*** | | | | | | | | | | |
| 90 Elgin Street, Ottawa Ont[(3)] | 501 | 501 | | 501 | | | | 10 | 20 | 471 |
| ***West Block renovation,*** | | | | | | | | | | |
| 111 Wellington Street, Ottawa Ont | 1,072 | 275 | 221 | 54 | 28 | 7 | 4 | 6 | 3 | 6 |
| | *3,303* | *2,170* | *378* | *1,792* | *207* | *102* | *40* | *33* | *61* | *1,327* |
| Subtotal | 14,929 | 12,899 | 4,969 | 7,930 | 1,851 | 1,259 | 992 | 938 | 339 | 2,551 |
| **Consolidated Crown Corporations and Other Entities—** | | | | | | | | | | |
| ***Canadian Museum for Human Rights—*** | | | | | | | | | | |
| PCL Constructors Canada Inc | *219* | *207* | *112* | *95* | *87* | *8* | | | | |
| ***The Federal Bridge Corporation Limited—*** | | | | | | | | | | |
| Major works and maintenance | *112* | *112* | | *112* | *93* | *17* | *1* | *1* | | |
| ***VIA Rail Canada Inc.—*** | | | | | | | | | | |
| Avalon Rail Inc | 20 | 20 | 9 | 11 | 11 | | | | | |
| CAD Railway Services Inc | 131 | 104 | 69 | 35 | 29 | 6 | | | | |
| Canadian National Railways | 312 | 312 | 185 | 127 | 90 | 37 | | | | |
| Industrial Rail Services | 117 | 109 | 33 | 76 | 34 | 21 | 21 | | | |
| | *580* | *545* | *296* | *249* | *164* | *64* | *21* | | | |
| Subtotal | 913 | 864 | 408 | 456 | 344 | 89 | 22 | 1 | | |
| Total capital assets | 15,842 | 13,763 | 5,377 | 8,386 | 2,195 | 1,348 | 1,014 | 939 | 339 | 2,551 |
| **Purchases—** | | | | | | | | | | |
| **Canada Revenue Agency—** | | | | | | | | | | |
| ***Bell Canada*** | | | | | | | | | | |
| Data center co-location services | 40 | 40 | | 40 | | | 3 | 4 | 4 | 29 |
| Data networking services | 86 | 86 | 74 | 12 | 12 | | | | | |
| ***CA Canada Company*** | | | | | | | | | | |
| Maintenance and support for enterprise licences | 68 | 68 | 9 | 59 | 11 | 13 | 14 | 14 | 7 | |
| ***IBM Canada Limited*** | | | | | | | | | | |
| IBM Mainframe | | | | | | | | | | |
| Software master agreement for licenses and support | 101 | 101 | 90 | 11 | 11 | | | | | |
| ***Microsoft Licensing GP*** | | | | | | | | | | |
| Software | 48 | 48 | 15 | 33 | 17 | 16 | | | | |
| | *343* | *343* | *188* | *155* | *51* | *29* | *17* | *18* | *11* | *29* |
| **Citizenship and Immigration—** | | | | | | | | | | |
| ***Medavie Inc*** | | | | | | | | | | |
| Interim Federal Health Claims Processing | *14* | *14* | *1* | *13* | *4* | *3* | *3* | *3* | | |
| **Environment—** | | | | | | | | | | |
| ***IBM Canada Ltd*** | | | | | | | | | | |
| Supercomputer system, Dorval Que[(4)] | *14* | *14* | | *14* | *12* | *1* | *1* | | | |
| **Fisheries and Oceans—** | | | | | | | | | | |
| ***Provincial Airlines Ltd*** | | | | | | | | | | |
| Air Surveillance Program | *75* | *68* | *17* | *51* | *14* | *13* | *13* | *12* | | |

## TABLE 11.3
## TRANSFER PAYMENT AGREEMENTS, CAPITAL ASSETS, PURCHASES AND OPERATING LEASES AS AT MARCH 31, 2011—*Continued*

(in millions of dollars)

| | | | | | Outstanding obligations to be disbursed by March 31 | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Total estimated cost | Amount contracted | Amount disbursed | Outstanding obligation | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 and subsequently |
| **Foreign Affairs and International Trade**— | | | | | | | | | | |
| ***Canadian Bank Note Company Limited*** | | | | | | | | | | |
| Purchase of passport materials | *62* | *54* | *33* | *21* | *16* | *5* | | | | |
| **Health**— | | | | | | | | | | |
| ***Department***— | | | | | | | | | | |
| Express Scripts Inc | 100 | 100 | 32 | 68 | 17 | 18 | 19 | 14 | | |
| ***Public Health Agency of Canada***— | | | | | | | | | | |
| ***Pandemic readiness fees*** | | | | | | | | | | |
| Glaxo Smithkine | 98 | 98 | | 98 | 9 | 10 | 10 | 10 | 10 | 49 |
| Sanofi Pasteur Limited | 11 | 11 | | 11 | 2 | 3 | 3 | 3 | | |
| | *209* | *209* | *32* | *177* | *28* | *31* | *32* | *27* | *10* | *49* |
| **Human Resources and Skills Development**— | | | | | | | | | | |
| ***Canada Post Corporation*** | | | | | | | | | | |
| Mail delivery services | 94 | 94 | 25 | 69 | 14 | 27 | 28 | | | |
| ***Davis & Henderson Limited Partnership*** | | | | | | | | | | |
| Private institutions that are party to an agreement with the Minister under the *Canada Student Financial Assistance Act* | 349 | 299 | 200 | 99 | 69 | 30 | | | | |
| ***St Joseph Print Group*** | | | | | | | | | | |
| Forms management service | 18 | 18 | 6 | 12 | 12 | | | | | |
| | *461* | *411* | *231* | *180* | *95* | *57* | *28* | | | |
| **Industry**— | | | | | | | | | | |
| ***Canadian Space Agency***— | | | | | | | | | | |
| Exploration Surface Mobility | 60 | 60 | 26 | 34 | 32 | 2 | | | | |
| ***MacDonald Dettwiler Space and Advanced Robotics Ltd*** | | | | | | | | | | |
| Canadian Space Station Program | 178 | 178 | 148 | 30 | 27 | 3 | | | | |
| Next Generation Canadarm | 50 | 50 | 33 | 17 | 17 | | | | | |
| | *288* | *288* | *207* | *81* | *76* | *5* | | | | |
| **National Defence**— | | | | | | | | | | |
| ***Allied Wings*** | | | | | | | | | | |
| Pilot Training, Manitoba | 1,826 | 1,758 | 368 | 1,390 | 90 | 81 | 81 | 79 | 77 | 982 |
| ***BAE Bofors System, Sweden*** | | | | | | | | | | |
| 57mm gun | 170 | 103 | 41 | 62 | 15 | 8 | 7 | 3 | 2 | 27 |
| ***BAE Global Combat Systems Inc*** | | | | | | | | | | |
| M777 Initial support contract | 27 | 20 | 10 | 10 | 8 | 2 | | | | |
| ***Bell Helicopter Textron Limited Canada*** | | | | | | | | | | |
| Optimized weapon system support CH146 Griffon | 641 | 641 | 14 | 627 | 64 | 64 | 64 | 64 | 64 | 307 |
| ***Biogenie SRDC Inc, SNC Lavalin Inc, Kitnuna Projects Inc, Quantum Murray and Gruben's Transport Ltd*** | | | | | | | | | | |
| DEW Line Cleanup | 583 | 153 | 128 | 25 | 20 | 5 | | | | |
| ***Bombardier Inc*** | | | | | | | | | | |
| Jet Flying Pilot Training | 2,383 | 1,840 | 982 | 858 | 92 | 91 | 92 | 95 | 98 | 390 |
| ***CAE Inc, Saint-Laurent, Que*** | | | | | | | | | | |
| Aircrew Operational Training services | 297 | 297 | | 297 | | 5 | 7 | 12 | 13 | 260 |
| Support to operational and training personnel | 18 | 18 | | 18 | 2 | 6 | 10 | | | |
| ***Calian, Ottawa, Ont*** | | | | | | | | | | |
| Manage health care providers to the Canadian Forces | 601 | 516 | 330 | 186 | 61 | 62 | 63 | | | |
| National maintenance contract for Class B vehicles | 16 | 16 | 4 | 12 | 7 | 5 | | | | |

## TABLE 11.3
## TRANSFER PAYMENT AGREEMENTS, CAPITAL ASSETS, PURCHASES AND OPERATING LEASES AS AT MARCH 31, 2011—*Continued*

(in millions of dollars)

| | Total estimated cost | Amount contracted | Amount disbursed | Outstanding obligation | Outstanding obligations to be disbursed by March 31 | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 and subsequently |
| ***Canadian Base Operators*** | | | | | | | | | | |
| Logistics support and facilities maintenance services | 130 | 130 | 65 | 65 | 13 | 13 | 13 | 13 | 13 | |
| ***Canadian Submarine Management Group*** | | | | | | | | | | |
| Victoria Class in service support | 1,707 | 352 | 136 | 216 | 108 | 108 | | | | |
| ***Cascade Aerospace Inc, Abbotsford, BC*** | | | | | | | | | | |
| Repair and overhaul of Hercules Aircraft | 584 | 504 | 224 | 280 | 70 | 60 | 50 | 50 | 50 | |
| ***Corporation du Fort St-Jean*** | | | | | | | | | | |
| Support to St-Jean campus, St-Jean-sur-Richelieu, Que | 107 | 107 | 42 | 65 | 20 | 22 | 23 | | | |
| ***Dew Engineering and Development ULC*** | | | | | | | | | | |
| Field space and water heaters | 15 | 15 | | 15 | 7 | 8 | | | | |
| ***Fleetway Inc, Halifax, NS*** | | | | | | | | | | |
| In-service support for Halifax and Iroquois Class vessels | 190 | 100 | 45 | 55 | 13 | 14 | 14 | 14 | | |
| ***General Dynamics Ordnance and Tactical Systems Canada*** | | | | | | | | | | |
| Ammunition | 47 | 47 | 7 | 40 | 40 | | | | | |
| ***Halifax Shipyard, NS*** | | | | | | | | | | |
| Halifax Class modernization | 760 | 355 | 238 | 117 | 19 | 20 | 19 | 20 | 19 | 20 |
| ***Harris Canada Inc*** | | | | | | | | | | |
| CF-18 Avionics Optimized weapon system support | 330 | 208 | | 208 | 36 | 34 | 35 | 35 | 36 | 32 |
| ***IBM Canada Ltd*** | | | | | | | | | | |
| Material acquisition and support information system | 312 | 312 | 300 | 12 | 12 | | | | | |
| ***IMP Group Ltd, NS*** | | | | | | | | | | |
| In-service support for Helicopters | 818 | 818 | 484 | 334 | 99 | 100 | 105 | 30 | | |
| Optimized Weapon System Support | 493 | 493 | 244 | 249 | 50 | 44 | 54 | 101 | | |
| Third line support for Sea King Helicopter | 305 | 305 | 250 | 55 | 55 | | | | | |
| ***Industrial Rubber*** | | | | | | | | | | |
| Leopard 2 A4 Tanks stripping, repair, overhaul and upgrade | 36 | 36 | 20 | 16 | 16 | | | | | |
| ***Kelowna Flightcraft Limited*** | | | | | | | | | | |
| Repair and overhaul for CC-115 & CC-138 | 46 | 46 | 23 | 23 | 11 | 12 | | | | |
| ***L-3 Communications Canada, Que*** | | | | | | | | | | |
| Aircraft System Engineering Support | 1,289 | 1,118 | 738 | 380 | 84 | 78 | 76 | 74 | 67 | 1 |
| Integrated Platform Management System | 89 | 70 | 30 | 40 | 14 | 9 | 5 | 5 | 3 | 4 |
| ***L-3 Communications Electronic Systems, Enfield, NS*** | | | | | | | | | | |
| CP140 Aurora Aircraft Avionics Optimized Weapon System Support | 395 | 395 | 88 | 307 | 23 | 24 | 29 | 36 | 45 | 150 |
| ***Lockheed Martin Canada Inc, Kanata, Ont*** | | | | | | | | | | |
| Combat Systems integration | 1,323 | 1,320 | 524 | 796 | 135 | 181 | 153 | 126 | 100 | 101 |
| ***MacDonald Dettwiler and Associates Ltd, Richmond, BC*** | | | | | | | | | | |
| Victoria Class Trainer | 25 | 15 | 4 | 11 | 2 | 3 | 3 | 3 | | |
| ***McDonnell Douglas*** | | | | | | | | | | |
| CF18 Fleet Modification Program | 16 | 11 | | 11 | 7 | 4 | | | | |
| ***Nasittuq Corporation, Ottawa, Ont*** | | | | | | | | | | |
| North Warning System operation and maintenance | 786 | 599 | 551 | 48 | 48 | | | | | |
| ***NATO Maintenance and Supply Agency*** | | | | | | | | | | |
| Support of Canadian Forces operations in Afghanistan | 205 | 205 | 152 | 53 | 53 | | | | | |
| ***Orenda Aerospace Corporation Mississauga, Ont*** | | | | | | | | | | |
| CF18 Hornet Aircraft, engine repair and overhaul | 355 | 20 | 5 | 15 | 15 | | | | | |

## TABLE 11.3

## TRANSFER PAYMENT AGREEMENTS, CAPITAL ASSETS, PURCHASES AND OPERATING LEASES AS AT MARCH 31, 2011—*Continued*

(in millions of dollars)

| | Total estimated cost | Amount contracted | Amount disbursed | Outstanding obligation | Outstanding obligations to be disbursed by March 31 | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 and subsequently |
| ***Patlon Aircraft & Industries Ltd*** | | | | | | | | | | |
| Aircraft arrestor system modernization | 27 | 25 | 11 | 14 | 9 | 2 | 2 | 1 | | |
| ***Plenary Properties*** | | | | | | | | | | |
| Public-private partnership arrangement to design, build, finance and maintain (35 years) | 2,937 | 2,937 | | 2,937 | | | 1 | 68 | 100 | 2,768 |
| ***Rheinmetall Canada Inc*** | | | | | | | | | | |
| Close area suppression weapon | 99 | 99 | 9 | 90 | 79 | 11 | | | | |
| ***Rheinmetall Waffe Munition GMBH Germany*** | | | | | | | | | | |
| Halifax Class modernization | 46 | 27 | 9 | 18 | 5 | 3 | 1 | 9 | | |
| ***Robica Forman Tank Ltd*** | | | | | | | | | | |
| Aviation refuelers | 12 | 12 | | 12 | 12 | | | | | |
| ***SAAB Microwave Canada Ltd, Halifax, NS*** | | | | | | | | | | |
| Seagiraffe Radar | 43 | 38 | 19 | 19 | 6 | 5 | 5 | 3 | | |
| ***Santé Montfort, National Capital Region, Ont*** | | | | | | | | | | |
| Provision of health care facility for Canadian Forces | 185 | 185 | 31 | 154 | 20 | 20 | 20 | 20 | 20 | 54 |
| ***SERCO Facilities Management Inc*** | | | | | | | | | | |
| Provision of site services at 5 Wing, Goose Bay | 549 | 549 | 412 | 137 | 33 | 34 | 34 | 35 | 1 | |
| ***Sikorsky International Operations Inc Stratford, CT, USA*** | | | | | | | | | | |
| Maritime helicopters in service support | 3,290 | 3,290 | 508 | 2,782 | 115 | 239 | 136 | 105 | 156 | 2,031 |
| ***Skylink, Chapman Freeborn, First Air*** | | | | | | | | | | |
| Air charter in support of Operation Athena | 136 | 136 | 120 | 16 | 16 | | | | | |
| ***Skylink PAE Aviation Inc*** | | | | | | | | | | |
| Chartered helicopter contract in Afghanistan | 95 | 95 | 82 | 13 | 13 | | | | | |
| ***SNC Lavalin PAE*** | | | | | | | | | | |
| Support of Canadian Forces operations in Afghanistan | 550 | 461 | 414 | 47 | 47 | | | | | |
| ***Telesat Canada*** | | | | | | | | | | |
| North Warning System | 30 | 30 | 6 | 24 | 3 | 3 | 3 | 3 | 3 | 9 |
| ***Telus Communications Inc, Vancouver, BC*** | | | | | | | | | | |
| Global Defence Network Services | 134 | 69 | 54 | 15 | 15 | | | | | |
| ***Thales Canada Inc*** | | | | | | | | | | |
| Fire Control Radars | 67 | 61 | 21 | 40 | 3 | 6 | 2 | 2 | 2 | 25 |
| Periscope and AXP masts | 44 | 31 | 20 | 11 | 8 | 3 | | | | |
| ***Victoria Shipbuilding Limited, BC*** | | | | | | | | | | |
| Halifax Class modernization | 760 | 301 | 57 | 244 | 27 | 50 | 50 | 50 | 67 | |
| | *26,084* | *21,311* | *7,842* | *13,469* | *1,720* | *1,439* | *1,137* | *1,056* | *936* | *7,161* |
| **Privy Council—** | | | | | | | | | | |
| ***Chief Electoral Officer—*** | | | | | | | | | | |
| ***IBM Canada Ltd, Ottawa, Ont*** | | | | | | | | | | |
| Facilities management support services | 31 | 31 | 13 | 18 | 18 | | | | | |
| Supply of fully integrated and functional systems and related services for federal electoral events | 24 | 24 | 12 | 12 | 12 | | | | | |
| | *55* | *55* | *25* | *30* | *30* | | | | | |
| **Public Safety and Emergency Preparedness—** | | | | | | | | | | |
| ***Correctional Service—*** | | | | | | | | | | |
| ***Cistel Technology Inc*** | | | | | | | | | | |
| Offender management system | 14 | 14 | | 14 | 3 | 3 | 4 | 4 | | |
| Infrastructure support resourcing | 29 | 29 | 2 | 27 | 7 | 7 | 7 | 6 | | |
| ***Coradix Technology Consulting Ltd*** | | | | | | | | | | |
| Offender management system | 12 | 12 | | 12 | 4 | 4 | 3 | 1 | | |

## TABLE 11.3
## TRANSFER PAYMENT AGREEMENTS, CAPITAL ASSETS, PURCHASES AND OPERATING LEASES AS AT MARCH 31, 2011—*Continued*

(in millions of dollars)

|  |  |  |  |  | Outstanding obligations to be disbursed by March 31 |  |  |  |  |  |
|---|---|---|---|---|---|---|---|---|---|---|
|  | Total estimated cost | Amount contracted | Amount disbursed | Outstanding obligation | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 and subsequently |
| ***Logistik Unicorp Inc*** |  |  |  |  |  |  |  |  |  |  |
| Uniforms | 18 | 18 | 2 | 16 | 3 | 3 | 3 | 3 | 3 | 1 |
| ***Société Emmanuel Grégoire Inc*** |  |  |  |  |  |  |  |  |  |  |
| Emmanuel Grégoire residence | 13 | 13 | 2 | 11 | 3 | 3 | 3 | 2 |  |  |
| ***Royal Canadian Mounted Police—*** |  |  |  |  |  |  |  |  |  |  |
| ***Bell Canada*** |  |  |  |  |  |  |  |  |  |  |
| Wide area network services | 262 | 262 | 132 | 130 | 23 | 23 | 23 | 23 | 23 | 15 |
| ***Morneau Shepell*** |  |  |  |  |  |  |  |  |  |  |
| Pension administration services | 50 | 50 | 37 | 13 | 8 | 5 |  |  |  |  |
| ***MTS Allstream Inc*** |  |  |  |  |  |  |  |  |  |  |
| Rental of voice communications equipment | 42 | 42 | 10 | 32 | 6 | 6 | 6 | 6 | 6 | 2 |
|  | *440* | *440* | *185* | *255* | *57* | *54* | *49* | *45* | *32* | *18* |
| **Public Works and Government Services—** |  |  |  |  |  |  |  |  |  |  |
| ***200 Kent Street Limited*** |  |  |  |  |  |  |  |  |  |  |
| Centennial Towers, Ottawa, Ont | 45 | 45 | 32 | 13 | 5 | 5 | 3 |  |  |  |
| ***4345177 Canada Inc*** |  |  |  |  |  |  |  |  |  |  |
| Fontaine Building, 200 Sacré-Coeur Boulevard, Gatineau, Que | 44 | 44 | 8 | 36 | 2 | 2 | 3 | 3 | 3 | 23 |
| ***519719 Ontario Inc*** |  |  |  |  |  |  |  |  |  |  |
| 1600 Star Top Road, Ottawa, Ont | 76 | 76 | 32 | 44 | 5 | 5 | 5 | 5 | 6 | 18 |
| ***A N (Mega Centres) Inc*** |  |  |  |  |  |  |  |  |  |  |
| 550 De la Cité Blvd, Gatineau, Que | 48 | 48 | 22 | 26 | 3 | 3 | 3 | 3 | 4 | 10 |
| ***BCIMC Realty Corporation*** |  |  |  |  |  |  |  |  |  |  |
| 105 Hotel de Ville street, Gatineau, Que | 28 | 28 | 10 | 18 | 3 | 3 | 3 | 3 | 3 | 3 |
| ***Bell Canada*** |  |  |  |  |  |  |  |  |  |  |
| Data center colocation service | 45 | 40 |  | 40 |  | 10 | 10 | 10 | 10 |  |
| Local access services | 57 | 17 | 4 | 13 | 2 | 2 | 2 | 3 | 4 |  |
| Secure Channel services | 388 | 345 | 257 | 88 | 45 | 43 |  |  |  |  |
| ***Broccolini Construction*** |  |  |  |  |  |  |  |  |  |  |
| 22 Eddy Street, Gatineau Que(3) | 207 | 207 |  | 207 |  |  | 8 | 8 | 8 | 183 |
| 455 De la Carrière Boulevard, Gatineau Que(3) | 171 | 171 |  | 171 |  | 3 | 6 | 7 | 7 | 148 |
| ***Canada Post Corporation*** |  |  |  |  |  |  |  |  |  |  |
| Canada Post Place, Ottawa, Ont | 62 | 62 | 20 | 42 | 4 | 4 | 4 | 5 | 5 | 20 |
| ***CGI Information Systems and Management Consultants Inc*** |  |  |  |  |  |  |  |  |  |  |
| Engineering services | 162 | 141 | 90 | 51 | 17 | 12 | 12 | 10 |  |  |
| ***City of Vancouver*** |  |  |  |  |  |  |  |  |  |  |
| Library Square Block 56, Vancouver, BC | 21 | 21 | 8 | 13 | 1 | 1 | 1 | 1 | 2 | 7 |
| ***Computershare Trust Company of Canada*** |  |  |  |  |  |  |  |  |  |  |
| 305 Boulevard René-Levesque West, Montreal, Que | 119 | 119 | 8 | 111 | 4 | 4 | 4 | 5 | 5 | 89 |
| 4225 Boulevard Dorchester West, Westmount, Que | 99 | 99 | 7 | 92 | 3 | 3 | 4 | 4 | 4 | 74 |
| Canada Place, Edmonton, Alta | 302 | 302 | 26 | 276 | 10 | 11 | 11 | 11 | 11 | 222 |
| Harry Hays Building, Edmonton, Alta | 195 | 195 | 18 | 177 | 7 | 7 | 7 | 7 | 7 | 142 |
| Joseph Sheppard Building, Toronto, Ont | 278 | 278 | 30 | 248 | 9 | 10 | 10 | 10 | 10 | 199 |
| Skyline Complex, Ottawa, Ont | 252 | 252 | 29 | 223 | 8 | 9 | 9 | 9 | 9 | 179 |
| Thomas D'Arcy McGee Building, Ottawa, Ont | 269 | 269 | 17 | 252 | 10 | 10 | 10 | 10 | 10 | 202 |
| ***E. Gruben's Transport Ltd*** |  |  |  |  |  |  |  |  |  |  |
| Distant Early Warning Lines sites | 11 | 11 |  | 11 | 6 | 5 |  |  |  |  |
| ***First Data/Paymentech Canada Partner Inc and Dearborn Marchant Services Inc*** |  |  |  |  |  |  |  |  |  |  |
| Card acceptance services Toronto, Ont | 132 | 132 | 39 | 93 | 18 | 21 | 26 | 28 |  |  |
| ***Fortis Corporation*** |  |  |  |  |  |  |  |  |  |  |
| Maritime Centre, Halifax, NS | 13 | 13 |  | 13 | 1 | 1 | 1 | 1 | 1 | 8 |

## TABLE 11.3

## TRANSFER PAYMENT AGREEMENTS, CAPITAL ASSETS, PURCHASES AND OPERATING LEASES AS AT MARCH 31, 2011—*Continued*

(in millions of dollars)

| | Total estimated cost | Amount contracted | Amount disbursed | Outstanding obligation | Outstanding obligations to be disbursed by March 31 | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 and subsequently |
| ***Green Timbers Limited Partnership*** | | | | | | | | | | |
| RCMP "E" Division relocation | 712 | 712 | | 712 | | 7 | 25 | 25 | 26 | 629 |
| ***IBM Canada*** | | | | | | | | | | |
| Data Centre Operation | 49 | 45 | 20 | 25 | | | 10 | 15 | | |
| ***M. Sullivan & Son Limited*** | | | | | | | | | | |
| Johnstown Ontario, Prescott Border | 17 | 17 | 5 | 12 | 12 | | | | | |
| ***Minto Commercial Properties Inc*** | | | | | | | | | | |
| Mercury Centre, Ottawa, Ont | 356 | 356 | 28 | 328 | 13 | 13 | 13 | 14 | 14 | 261 |
| ***Morguard Corporation and 131 Queen Street Limited*** | | | | | | | | | | |
| Trusco Building, Ottawa, Ont | 149 | 149 | 27 | 122 | 6 | 7 | 7 | 7 | 7 | 88 |
| ***Morguard Corporation and 3683249 Canada Inc*** | | | | | | | | | | |
| 131 Queen Street, Ottawa, Ont | 68 | 68 | 22 | 46 | 3 | 3 | 3 | 3 | 4 | 30 |
| ***Multivesco Inc*** | | | | | | | | | | |
| 30 Victoria Street, Gatineau Que[3] | 207 | 207 | | 207 | | | 7 | 8 | 8 | 184 |
| ***O&Y REIT Holdings Inc*** | | | | | | | | | | |
| Jean Edmonds Tower, Ottawa, Ont | 62 | 62 | 37 | 25 | 6 | 7 | 7 | 5 | | |
| Place Montcalm (Phase III partnership) | 53 | 53 | 24 | 29 | 3 | 4 | 4 | 4 | 4 | 10 |
| ***Pomerleau Inc*** | | | | | | | | | | |
| Shooting range complex and Multipurpose Center, Canadian Border Services Agency | 28 | 28 | | 28 | 19 | 9 | | | | |
| ***SAP Canada Inc*** | | | | | | | | | | |
| Software maintenance | 23 | 23 | 12 | 11 | 3 | 4 | 4 | | | |
| ***SNC Lavalin Operations & Maintenance Inc*** | | | | | | | | | | |
| Building maintenance services | 4,434 | 4,434 | 2,833 | 1,601 | 790 | 811 | | | | |
| ***The Canada Life Assurance Company*** | | | | | | | | | | |
| Judicial Complex, Toronto, Ont | 102 | 102 | 22 | 80 | 4 | 5 | 5 | 5 | 5 | 56 |
| ***The Great West Life Assurance Company of Canada and London Life Assurance Company*** | | | | | | | | | | |
| 269 Laurier Street West, Ottawa, Ont | 79 | 79 | 27 | 52 | 5 | 5 | 5 | 5 | 6 | 26 |
| ***Tlicho Engineering & Environmental Services Ltd*** | | | | | | | | | | |
| Remediation of Tundra mine, Phase 2 | 35 | 35 | 8 | 27 | 14 | 8 | 5 | | | |
| | *9,398* | *9,290* | *3,727* | *5,563* | *981* | *1,117* | *237* | *234* | *183* | *2,811* |
| **Treasury Board**— | | | | | | | | | | |
| ***Sun Life Assurance Company of Canada*** | | | | | | | | | | |
| Public Service Health Care Plan | *175* | *175* | *20* | *155* | *26* | *28* | *31* | *28* | *31* | *11* |
| Subtotal | 37,568 | 37,617 | 17,453 | 20,164 | 3,109 | 2,782 | 1,568 | 1,423 | 1,203 | 10,079 |
| **Consolidated Crown Corporations and Other Entities**— | | | | | | | | | | |
| ***Atomic Energy of Canada Limited***— | | | | | | | | | | |
| Purchase orders | 72 | 72 | | 72 | 71 | 1 | | | | |
| Regulatory commitments | 40 | 40 | | 40 | 40 | | | | | |
| | *112* | *112* | | *112* | *111* | *1* | | | | |
| ***Canadian Air Transport Security Authority***— | | | | | | | | | | |
| Aeroguard Company Ltd | 134 | 134 | 102 | 32 | 32 | | | | | |
| Aeroguard Eastern Inc | 81 | 81 | 60 | 21 | 21 | | | | | |
| Aeroguard Inc | 68 | 68 | 54 | 14 | 14 | | | | | |
| Garda, Montreal, Que | 95 | 95 | 75 | 20 | 20 | | | | | |
| Garda of Canada | 222 | 222 | 175 | 47 | 47 | | | | | |
| Garda of the Pacific | 109 | 109 | 81 | 28 | 28 | | | | | |
| Morpho Detection | 33 | 33 | 8 | 25 | 11 | 11 | 3 | | | |
| NAV Canada (1 of 2) | 35 | 35 | | 35 | 7 | 7 | 7 | 7 | 7 | |
| NAV Canada (2 of 2) | 23 | 23 | | 23 | 5 | 4 | 5 | 4 | 5 | |
| Shannahan's Investigation and Security Inc | 107 | 107 | 70 | 37 | 37 | | | | | |

## TABLE 11.3

## TRANSFER PAYMENT AGREEMENTS, CAPITAL ASSETS, PURCHASES AND OPERATING LEASES AS AT MARCH 31, 2011—*Continued*

(in millions of dollars)

| | | | | | Outstanding obligations to be disbursed by March 31 | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Total estimated cost | Amount contracted | Amount disbursed | Outstanding obligation | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 and subsequently |
| Smiths Detection Montreal Inc (1 of 2) | 11 | 11 | | 11 | 5 | 6 | | | | |
| Smiths Detection Montreal Inc (2 of 2) | 39 | 39 | 19 | 20 | 4 | 4 | 4 | 5 | 3 | |
| Telus Services Inc | 14 | 14 | 4 | 10 | 4 | 5 | 1 | | | |
| | *971* | *971* | *648* | *323* | *235* | *37* | *20* | *16* | *15* | |
| ***Canadian Broadcasting Corporation—*** | | | | | | | | | | |
| Programming rights | 144 | 144 | 98 | 46 | 34 | 12 | | | | |
| Sports rights | 647 | 647 | 367 | 280 | 43 | 101 | 106 | 30 | | |
| Others | 40 | 40 | 15 | 25 | 25 | | | | | |
| SAP Canada | 14 | 14 | 1 | 13 | 1 | 1 | 1 | 1 | 2 | 7 |
| Sintec Media Ltd | 13 | 13 | | 13 | 2 | 3 | 3 | 3 | 2 | |
| SNC-Lavalin Profac Inc | 456 | 456 | 112 | 344 | 33 | 35 | 36 | 37 | 38 | 165 |
| | *1,314* | *1,314* | *593* | *721* | *138* | *152* | *146* | *71* | *42* | *172* |
| ***Canadian Commercial Corporation—*** | | | | | | | | | | |
| Contracts with foreign customers | *3,563* | *3,563* | | *3,563* | *1,603* | | *1,896* | | *60* | *4* |
| ***Entreprise Cape Breton Corporation—*** | | | | | | | | | | |
| Sydney Ports Corporation Inc | *37* | *19* | *2* | *17* | *17* | | | | | |
| ***National Capital Commission—*** | | | | | | | | | | |
| Land management and maintenance | *17* | *17* | *5* | *12* | | | | | *1* | *11* |
| ***National Gallery of Canada—*** | | | | | | | | | | |
| Securitas Security Services | *24* | *15* | *3* | *12* | *3* | *3* | *3* | *3* | | |
| ***Telefilm Canada*** | | | | | | | | | | |
| Project commitments | *34* | *34* | | *34* | *32* | *2* | | | | |
| Subtotal | 6,072 | 6,045 | 1,251 | 4,794 | 2,139 | 195 | 2,065 | 90 | 118 | 187 |
| Total purchases | 43,640 | 38,662 | 13,704 | 24,958 | 5,248 | 2,977 | 3,633 | 1,513 | 1,321 | 10,266 |
| **Total capital assets and purchases** | **59,482** | **52,425** | **19,081** | **33,344** | **7,443** | **4,325** | **4,647** | **2,472** | **1,660** | **12,797** |
| **Operating leases—** | | | | | | | | | | |
| **Environment—** | | | | | | | | | | |
| ***Capilano Indian Reserve No. 5 of Vancouver, BC*** | | | | | | | | | | |
| Lease of land | *385* | *385* | *139* | *246* | *8* | *8* | *8* | *8* | *8* | *206* |
| **Foreign Affairs and International Trade—** | | | | | | | | | | |
| ***Main Production and Commercial Administration*** | | | | | | | | | | |
| Office and parking space, Moscow | 195 | 195 | 14 | 181 | 4 | 4 | 4 | 5 | 5 | 159 |
| ***Real Estate Investment Fund North Tower*** | | | | | | | | | | |
| Chancery, Sao Paulo | 52 | 52 | 24 | 28 | 4 | 4 | 5 | 5 | 5 | 5 |
| ***Spanish Space Tower, S.A.U.*** | | | | | | | | | | |
| Chancery, Madrid | 35 | 35 | 4 | 31 | 2 | 2 | 2 | 2 | 2 | 21 |
| ***The HongKong Land Property Company Limited*** | | | | | | | | | | |
| Chancery, Hong Kong | 32 | 32 | | 32 | 7 | 7 | 9 | 9 | | |
| ***The Wilton Co-ownership*** | | | | | | | | | | |
| Chancery, Dublin | 18 | 18 | 2 | 16 | | 1 | | 1 | 1 | 13 |
| ***Tower Plaza Associates, New York*** | | | | | | | | | | |
| Chancery, New York | 33 | 33 | 20 | 13 | 1 | 2 | 2 | 2 | 2 | 4 |
| | *365* | *365* | *64* | *301* | *18* | *20* | *22* | *24* | *15* | *202* |
| **Indian Affairs and Northern Development—** | | | | | | | | | | |
| ***Donna Conna Inc*** | | | | | | | | | | |
| Fees for crisis line support services | *16* | *16* | *4* | *12* | *6* | *6* | | | | |
| **Public Works and Government Services—** | | | | | | | | | | |
| ***1001 Dominion Square Management Inc*** | | | | | | | | | | |
| 1255 Peel Street, Montréal, Que | 16 | 16 | 4 | 12 | 1 | 1 | 2 | 2 | 2 | 4 |
| ***1166 Equities Inc*** | | | | | | | | | | |
| 1166 West Pender Street, Vancouver, BC | 34 | 34 | | 34 | 5 | 6 | 6 | 6 | 6 | 5 |

## TABLE 11.3
## TRANSFER PAYMENT AGREEMENTS, CAPITAL ASSETS, PURCHASES AND OPERATING LEASES AS AT MARCH 31, 2011—*Continued*

(in millions of dollars)

| | Total estimated cost | Amount contracted | Amount disbursed | Outstanding obligation | Outstanding obligations to be disbursed by March 31 | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 and subsequently |
| ***1258258 Ontario Ltd, Multivesco Inc*** | | | | | | | | | | |
| 400 Cumberland Street, Ottawa, Ont | 55 | 55 | 33 | 22 | 5 | 5 | 5 | 6 | 1 | |
| ***160 Elgin Portfolio Inc and 160 Elgin Bailholds Inc*** | | | | | | | | | | |
| Bell Canada Place | 56 | 56 | 21 | 35 | 5 | 5 | 6 | 6 | 6 | 7 |
| ***25 Nicholas Properties Ltd*** | | | | | | | | | | |
| The Albion Building, Ottawa, Ont | 19 | 19 | 3 | 16 | 2 | 2 | 2 | 2 | 2 | 6 |
| The Albion Executive Tower, Ottawa, Ont | 17 | 17 | 3 | 14 | 2 | 2 | 2 | 2 | 2 | 4 |
| ***360 Laurier Avenue West Limited*** | | | | | | | | | | |
| Narono Building | 22 | 22 | 7 | 15 | 2 | 2 | 2 | 2 | 2 | 5 |
| ***3934381 Canada Inc*** | | | | | | | | | | |
| 1138 Melville Street, Vancouver BC | 110 | 74 | 2 | 72 | 7 | 7 | 7 | 8 | 8 | 35 |
| ***434 Queen Street Holdings Inc*** | | | | | | | | | | |
| Farm Credit Building | 16 | 16 | 5 | 11 | 1 | 1 | 2 | 2 | 2 | 3 |
| ***74 Victoria Street and 137 Yonge Street Holding Limited*** | | | | | | | | | | |
| 74 Victoria Street, Toronto, Ont | 22 | 22 | 5 | 17 | 5 | 6 | 6 | | | |
| ***BCIMC Realty Corporation*** | | | | | | | | | | |
| 100 Colonnade Road, Ottawa, Ont | 15 | 15 | | 15 | | 1 | 1 | 2 | 2 | 9 |
| ***BGV III Office Ottawa Inc*** | | | | | | | | | | |
| 2215 Gladwin Crescent, Ottawa, Ont | 26 | 26 | 9 | 17 | 3 | 4 | 4 | 4 | 2 | |
| ***Bona Building & Management Company Ltd*** | | | | | | | | | | |
| Place Vanier, Towers A & B, Ottawa, Ont | 102 | 83 | 72 | 11 | 3 | 8 | | | | |
| Vanier Building, Ottawa, Ont | 44 | 44 | 16 | 28 | 4 | 4 | 5 | 5 | 5 | 5 |
| ***Brookfield Properties Management PDV 1, BPO Ltd and Crehoy Inc*** | | | | | | | | | | |
| Place de Ville, Towers A and B, Ottawa, Ont | 59 | 59 | 26 | 33 | 13 | 13 | 7 | | | |
| ***Brookfield Properties Management PDV 2, BPO Ltd and Crehoy Inc*** | | | | | | | | | | |
| Place de Ville, Tower C and Podium Ottawa, Ont | 99 | 99 | 44 | 55 | 21 | 21 | 13 | | | |
| ***Canada Lands Company CLC Limited*** | | | | | | | | | | |
| 277 Front Street West, Toronto, Ont | 36 | 36 | 23 | 13 | 3 | 4 | 4 | 2 | | |
| Carling Business Centre | 28 | 28 | 1 | 27 | 2 | 3 | 3 | 3 | 3 | 13 |
| ***Dundeal Canada Limited Partnership*** | | | | | | | | | | |
| Airport Corporate Centre, Calgary, Alta | 18 | 18 | 8 | 10 | 1 | 2 | 2 | 2 | 2 | 1 |
| ***Exchange Tower Ltd, HRI Exchange Inc and PFS Exchange Inc*** | | | | | | | | | | |
| Stock Exchange Tower, Toronto, Ont | 57 | 57 | 47 | 10 | 8 | 2 | | | | |
| ***Fortis Properties Corporations*** | | | | | | | | | | |
| Blue Cross Centre | 13 | 13 | 1 | 12 | 2 | 2 | 2 | 1 | 1 | 4 |
| ***GE Canada Real Estate Equity Holding Company*** | | | | | | | | | | |
| Richelieu Building | 25 | 15 | 1 | 14 | 3 | 3 | 3 | 3 | 2 | |
| 25 Fitzgerald Road, Ottawa, Ont | 16 | 16 | 2 | 14 | 3 | 4 | 4 | 3 | | |
| ***GM Developpement Inc, Ogesco Construction Inc, Pierre Martin and Associates Design and Architecture Inc*** | | | | | | | | | | |
| 1550 d'Estimauville Avenue, Quebec, Que | 162 | 157 | | 157 | 3 | 7 | 7 | 8 | 8 | 124 |
| ***GWL Realty Advisors Inc*** | | | | | | | | | | |
| 2001 University Street, Montréal, Que | 17 | 17 | 4 | 13 | 1 | 2 | 2 | 2 | 2 | 4 |
| Robson Court Building, Vancouver, BC | 35 | 35 | 22 | 13 | 4 | 4 | 4 | 1 | | |
| ***HREIT Holdings 59 Corporation*** | | | | | | | | | | |
| 280 Broadway, Winnipeg, Man | 19 | 19 | 3 | 16 | 2 | 2 | 2 | 2 | 2 | 6 |
| ***Kanata Research Park Corporation*** | | | | | | | | | | |
| 340 Legget Drive, Ottawa, Ont | 13 | 13 | 1 | 12 | 1 | 1 | 1 | 2 | 2 | 5 |
| ***Minto Commercial Properties Inc*** | | | | | | | | | | |
| 180 Kent Street, Ottawa, Ont (1 of 2) | 24 | 24 | 3 | 21 | 2 | 2 | 2 | 3 | 3 | 9 |
| 180 Kent Street, Ottawa, Ont (2 of 2) | 22 | 22 | 4 | 18 | 2 | 2 | 2 | 2 | 2 | 8 |
| ***Morguard Investment Limited in Trust for Hoop Realty Inc and Morguard REIT*** | | | | | | | | | | |
| Heritage Place, Ottawa, Ont | 44 | 44 | 16 | 28 | 4 | 4 | 5 | 5 | 5 | 5 |

## TABLE 11.3

## TRANSFER PAYMENT AGREEMENTS, CAPITAL ASSETS, PURCHASES AND OPERATING LEASES AS AT MARCH 31, 2011—*Continued*

(in millions of dollars)

| | Total estimated cost | Amount contracted | Amount disbursed | Outstanding obligation | Outstanding obligations to be disbursed by March 31 | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 and subsequently |
| ***Omers Realty Corporation, Oxford Properties Group Incorporated and 735832 Alberta Limited*** | | | | | | | | | | |
| 800 Burrard Street, Vancouver, BC | 66 | 66 | 51 | 15 | 6 | 7 | 2 | | | |
| ***Orlando Corporation*** | | | | | | | | | | |
| 5800 Hurontario Street, Mississauga, Ont | 78 | 78 | 51 | 27 | 6 | 6 | 6 | 6 | 3 | |
| ***Ottawa—2200 Walkley Road Inc.*** | | | | | | | | | | |
| 2200 Walkley Road, Ottawa Ont | 22 | 14 | | 14 | 1 | 1 | 1 | 1 | 2 | 8 |
| ***Ottawa Train Yards JV, Controlex Corporation and Arnon Corporation*** | | | | | | | | | | |
| 395 Terminal Avenue, Ottawa, Ont | 62 | 62 | | 62 | | 1 | 4 | 4 | 4 | 49 |
| ***Pacific Centre Leaseholds Limited*** | | | | | | | | | | |
| 701 Georgia Street West, Vancouver, BC | 32 | 32 | 6 | 26 | 3 | 3 | 3 | 3 | 3 | 11 |
| ***Pensionfund Realty Limited*** | | | | | | | | | | |
| 250 Albert Street, Ottawa, Ont | 50 | 50 | 12 | 38 | 5 | 5 | 2 | 3 | 5 | 18 |
| 99 Metcalfe Street, Ottawa, Ont | 27 | 27 | | 27 | 2 | 3 | 3 | 3 | 3 | 13 |
| Camelot Court, Ottawa, Ont | 20 | 20 | 6 | 14 | 3 | 3 | 3 | 3 | 2 | |
| ***Place Bonaventure Property Management Inc*** | | | | | | | | | | |
| 800 De La Gauchetière Street West, Montreal, Que | 17 | 17 | 4 | 13 | 1 | 2 | 2 | 2 | 2 | 4 |
| ***Saskpen Properties Ltd c/o Harvard Developments Inc*** | | | | | | | | | | |
| 1870 Hamilton Street, Regina, Sask | 26 | 26 | | 26 | | | 2 | 2 | 3 | 19 |
| ***Standard Life Centre, Ottawa, Ont*** | | | | | | | | | | |
| 280 Slater Street, Ottawa, Ont | 50 | 50 | 38 | 12 | 5 | 5 | 2 | | | |
| 333 Laurier Avenue West, Ottawa, Ont | 31 | 31 | 8 | 23 | 3 | 3 | 3 | 3 | 4 | 7 |
| ***Telesat Canada and Pensionfund Realty Limited*** | | | | | | | | | | |
| Telesat Building, Ottawa, Ont | 19 | 19 | 3 | 16 | 2 | 2 | 2 | 2 | 2 | 6 |
| ***The Chambers Equities Limited*** | | | | | | | | | | |
| The Chambers Building, Ottawa, Ont | 13 | 13 | 2 | 11 | 1 | 1 | 1 | 1 | 1 | 6 |
| ***The Standard Life Assurance Company of Canada*** | | | | | | | | | | |
| Qualicum Towers A and C, Ottawa, Ont | 27 | 27 | 13 | 14 | 2 | 3 | 3 | 3 | 3 | |
| ***Urbandale Corporation*** | | | | | | | | | | |
| The Urbandale Building, Ottawa, Ont | 23 | 23 | 6 | 17 | 2 | 2 | 2 | 2 | 3 | 6 |
| ***Z.V. Holdings Corporation*** | | | | | | | | | | |
| 2 Constellation Crescent, Ottawa, Ont | 27 | 27 | 12 | 15 | 3 | 3 | 3 | 3 | 3 | |
| | *1,831* | *1,553* | *398* | *1,155* | *165* | *182* | *157* | *127* | *115* | *409* |
| Subtotal | 2,597 | 2,519 | 805 | 1,714 | 197 | 216 | 187 | 159 | 138 | 817 |
| **Consolidated Crown Corporations and Other Entities—** | | | | | | | | | | |
| ***Atomic Energy of Canada Limited—*** | | | | | | | | | | |
| Rental of office space | *74* | *74* | *13* | *61* | *12* | *10* | *8* | *8* | *8* | *15* |
| ***Canada Council for the Arts—*** | | | | | | | | | | |
| Office accommodation | *19* | *19* | *4* | *15* | *5* | *5* | *4* | | | *1* |
| ***Canadian Air Transport Security Authority—*** | | | | | | | | | | |
| Sun Life Assurance Company of Canada | *41* | *41* | *8* | *33* | *8* | *7* | *4* | *4* | *4* | *6* |
| ***Canadian Broadcasting Corporation—*** | | | | | | | | | | |
| Morguard | 143 | 143 | 44 | 99 | 6 | 7 | 7 | 7 | 7 | 65 |
| Telesat Canada | 26 | 26 | | 26 | | | | | 1 | 25 |
| ***Telesat Canada*** | | | | | | | | | | |
| Transponders | 195 | 195 | 131 | 64 | 13 | 13 | 13 | 13 | 12 | |
| | *364* | *364* | *175* | *189* | *19* | *20* | *20* | *20* | *20* | *90* |
| ***Canadian Commercial Corporation—*** | | | | | | | | | | |
| Office space | *20* | *20* | *1* | *19* | *2* | *2* | *2* | *2* | *2* | *9* |
| ***Canadian Museum of Immigration at Pier 21—*** | | | | | | | | | | |
| Rent of 1055 Marginal Road, Halifax NS | *50* | *50* | | *50* | *1* | *1* | *1* | *1* | *1* | *45* |

## TABLE 11.3
## TRANSFER PAYMENT AGREEMENTS, CAPITAL ASSETS, PURCHASES AND OPERATING LEASES AS AT MARCH 31, 2011—*Concluded*

(in millions of dollars)

| | Total estimated cost | Amount contracted | Amount disbursed | Outstanding obligation | Outstanding obligations to be disbursed by March 31 2012 | 2013 | 2014 | 2015 | 2016 | 2017 and subsequently |
|---|---|---|---|---|---|---|---|---|---|---|
| ***International Development Research Centre—*** | | | | | | | | | | |
| ***Omers Realty Corporation*** | | | | | | | | | | |
| Office space and maintenance | *103* | *103* | *19* | *84* | *6* | *6* | *7* | *7* | *7* | *51* |
| ***Marine Atlantic Inc.—*** | | | | | | | | | | |
| ***Five-year charter agreement for a passenger and freight ferry*** | | | | | | | | | | |
| MV Atlantic Vision | 106 | 106 | 51 | 55 | 21 | 21 | 13 | | | |
| MV Blue Puttees | 62 | 62 | 5 | 57 | 12 | 12 | 12 | 12 | 9 | |
| MV Highlanders | 53 | 53 | 1 | 52 | 11 | 11 | 11 | 10 | 9 | |
| | *221* | *221* | *57* | *164* | *44* | *44* | *36* | *22* | *18* | |
| ***National Capital Commission—*** | | | | | | | | | | |
| Chambers Building, Ottawa, Ont | *196* | *196* | *106* | *90* | *9* | *9* | *9* | *10* | *10* | *43* |
| ***VIA Rail Canada Inc.—*** | | | | | | | | | | |
| Canadian National Railways | 103 | 103 | 61 | 42 | 5 | 5 | 5 | 5 | 6 | 16 |
| ***IBM Canada Ltd.*** | | | | | | | | | | |
| VIAnet Service Agreement | 30 | 30 | 18 | 12 | 3 | 3 | 3 | 3 | | |
| Union Station, Toronto | 189 | 189 | 25 | 164 | 3 | 3 | 3 | 3 | 3 | 149 |
| | *322* | *322* | *104* | *218* | *11* | *11* | *11* | *11* | *9* | *165* |
| Subtotal | 1,410 | 1,410 | 487 | 923 | 117 | 115 | 102 | 85 | 79 | 425 |
| **Total operating leases** | **4,007** | **3,929** | **1,292** | **2,637** | **314** | **331** | **289** | **244** | **217** | **1,242** |
| **Grand total** | **198,674** | **191,429** | **97,153** | **94,276** | **25,522** | **15,101** | **12,965** | **7,107** | **5,232** | **28,349** |

(1) The amount shown under "Total estimated cost" is a cumulative total of amounts charged to budgetary appropriations since 1992, when particulars of this obligation were first reported in the *Public Accounts of Canada*, plus the outstanding obligation reported at fiscal year end.

(2) This figure reflects the total estimated remaining contractual obligations which extend for periods up to 30 years.

(3) The amounts shown relate to a future capital lease obligation.

(4) The amounts shown relate to interest and executory costs associated with a future capital lease obligation.

### International Contractual Obligations

Table 11.4 summarizes the international contractual obligations according to whether they would result in the disbursement of funds for non-budgetary share capital and loans, or for budgetary transfer payments, loans and advances and contractual obligations.

International contractual obligations reported in this table include transfer payments, loans and advances to international organizations as well as loans for the development of export trade (administered by Export Development Canada), which Canada has agreed to disburse in the future. Future paid-in share capital represents commitments made by Canada for future purchases of non-budgetary share capital in international organizations. The amounts reported in Table 11.4 as undisbursed loans and advances and as future paid-in share capital exclude notes that have been issued and that are still unpaid as at March 31, 2011.

Table 11.4 presents information that is summarized in Note 15 to the financial statements in Section 2 of this volume.

**TABLE 11.4**
INTERNATIONAL CONTRACTUAL OBLIGATIONS
(in millions of dollars)[1]

| | Transfer payments | Undisbursed loans and advances | Future paid-in share capital | Total |
|---|---|---|---|---|
| NON-BUDGETARY SHARE CAPITAL AND LOANS— | | | | |
| Foreign Affairs and International Trade— | | | | |
| Development of export trade (loans administered by Export Development Canada) | | 770 | | |
| Canadian International Development Agency | | | | |
| Asian Development Bank | | 143 | | |
| Caribbean Development Bank | | 23 | | |
| | | *936* | | *936* |
| BUDGETARY TRANSFER PAYMENTS, LOANS AND ADVANCES— | | | | |
| Finance— | | | | |
| African Development Fund | 416 | | | 416 |
| International Development Association | 1,323 | | | 1,323 |
| | *1,739* | | | *1,739* |
| Foreign Affairs and International Trade— | | | | |
| Canadian International Development Agency— | | | | |
| African Development Bank | | 326 | | 326 |
| Asian Development Fund | | 95 | | 95 |
| Caribbean Development Bank—Special | | 35 | | 35 |
| Global Environment Facility (GEF) Fund | | 192 | | 192 |
| International Fund for Agricultural Development | | 13 | | 13 |
| Montreal Protocol Fund | | 4 | | 4 |
| Multilateral Investment Fund | | 3 | | 3 |
| | | *668* | | *668* |
| | *1,739* | *668* | | *2,407* |
| Total | 1,739 | 1,604 | | 3,343 |

Note: Canada has agreed to lend the Poverty Reduction and Growth Trust special drawing rights (SDR) 1.2 billion of which SDR 700 million has been lent, and to subsidize the interest rate on the loan through a grant of approximately SDR 190 million, of which SDR 190 million has been paid-in.

(1) Foreign currencies were translated into Canadian dollars using the closing rates of exchange at March 31, 2011 (1$USD = $0.9696 CAD; 1SDR = $1.54079 CAD; 1 EUR = $1.3743 CAD).

## Contingent Liabilities

A contingent liability is a potential liability which may become an actual liability when one or more future events occur or fail to occur. Contingent liabilities are recorded in the accounts when it becomes likely that a payment will be made and the amount of that payment can be reasonably estimated. The contingent liabilities of the Government are grouped into: guarantees provided by the Government, international organizations, environmental liabilities, claims and pending and threatened litigation, and insurance programs of agent enterprise Crown corporations. Additional information regarding each category is provided below.

For details of contingent liabilities of consolidated Crown corporations, refer to Table 4.4 "Contingent Liabilities of Consolidated Crown Corporations and Other Entities" in Section 4 of this volume. Particulars of contingent liabilities of enterprise Crown corporations and other government business enterprises are not consolidated with those of the Government but details of these contingencies may be found in Table 9.8 "Contingent Liabilities of Enterprise Crown Corporations and other Government Business Enterprises" in Section 9 of this volume.

## Guarantees

Guarantees provided by the Government include:

- guarantees on the borrowings of enterprise Crown corporations and other government business enterprises;
- loan guarantees;
- insurance programs managed by the Government; and
- other explicit guarantees.

Losses on guarantees are recorded in the accounts when it is likely that a payment will be made to honour a guarantee and when the amount of the anticipated loss can be reasonably estimated. The amount of the allowance is determined by taking into consideration the nature of the guarantee, loss experience and the use of other measurement techniques. Borrowings of enterprise Crown corporations and other government business enterprises are recorded as liabilities for the portion not expected to be repaid directly by these corporations.

Table 11.5 lists the outstanding guarantees and is summarized in Note 16 to the financial statements in Section 2 of this volume. The authorized limits indicated in Table 11.5 represent the aggregate total of various types of authorities of Government bodies as stipulated in legislation, legal agreements or other documents that may be in force at any one time.

### TABLE 11.5

### GUARANTEES PROVIDED BY THE GOVERNMENT AS AT MARCH 31, 2011

(in millions of dollars)

| | Authorized limit (where applicable) | Principal amount outstanding |
|---|---|---|
| Guaranteed borrowings of enterprise Crown corporations and other government business enterprises | | |
| Agent enterprise Crown corporations | | 227,642[1] |
| Non-agent enterprise Crown corporations and other government business enterprises | | |
| Canadian Wheat Board, The | | 2,177 |
| Total – Guaranteed borrowings | | 229,819 |
| Other guarantees provided by the Government | | |
| Loan guarantees | | |
| Agriculture and Agri-Food | | |
| Advance Payments Program – *Agricultural Marketing Programs Act* | 5,000 | 1,197 |
| *Farm Improvement Loans Act (FILA)* and *Canadian Agricultural Loans Act (CALA)* | 3,000 | 87 |
| Human Resources and Skills Development | | |
| *Canada Student Loans Act* | 10,782 | 35 |
| Indian Affairs and Northern Development | | |
| Indian Economic Development Guarantee Program | 60 | 1 |
| On-Reserve Housing Guarantee Program: | 2,200 | |
| Canada Mortgage and Housing Corporation | | 1,305 |
| Other approved lenders | | 592 |
| Industry | | |
| Enterprise Development Program | 1,200 | [2] |
| Regional Aircraft Credit Facility | 1,500 | 138 |
| *Small Business Loans Act (SBLA)* | 1,838 | [2] |
| *Canada Small Business Financing Act (CSBFA)* | 1,679 | 688 |
| *Capital Leasing Pilot Project* | 16 | 5 |
| Total – Loan guarantees | 27,275 | 4,048 |
| Insurance programs managed by the Government | | |
| Foreign Affairs and International Trade | | |
| Accounts administered for the Government by Export Development Canada | 20,000 | 292 |

## TABLE 11.5
## GUARANTEES PROVIDED BY THE GOVERNMENT AS AT MARCH 31, 2011—*Concluded*

(in millions of dollars)

| | Authorized limit (where applicable) | Principal amount outstanding |
|---|---|---|
| Finance— | | |
| Mortgage insurance: | 250,000 | |
| Genworth Financial Mortgage Insurance Company of Canada | | 1,173 |
| Canada Guaranty Mortgage Insurance Company | | 85 |
| PMI Mortgage Insurance Company of Canada | | (2) |
| Canadian Nuclear Safety Commission— | | |
| Nuclear Liability Reinsurance Account | 1,050 | 382 |
| Total—Insurance programs managed by the Government | 271,050 | 2,132 |
| Other explicit guarantees— | | |
| Agriculture and Agri-Food— | | |
| National Biomass Ethanol Program | 140 | 25 |
| Price Pooling Program—*Agricultural Marketing Programs Act* | | 33 |
| Finance— | | |
| Obligations to The Canadian Wheat Board under the Agri-Food Credit Facility (ACF) and the Credit Grain Sales Program (CGSP) | | 264 |
| Canadian Broadcasting Corporation— | | |
| Financial Guarantee | | 188 |
| Total—Other explicit guarantees | 140 | 510 |
| Total—Gross guarantees | 298,465 | 236,509 |
| Less: allowance for guarantees | | 592 |
| NET EXPOSURE UNDER GUARANTEES | | 235,917 |

Note: This table excludes insurance programs operated by agent enterprise Crown corporations. Information on these programs is disclosed in Note 16 to the financial statements in Section 2 of this volume and additional information is provided in Table 11.7 of this section.

(1) Details can be found in Table 9.6 in Section 9 of this volume.

(2) Less than $500,000.

### Advance Payments Program — *Agricultural Marketing Programs Act*

The Advance Payments Program (APP) provides producers with a cash advance on the value of their agricultural products during a specified period. By improving their cash flow throughout the year, the APP helps crop and livestock producers meet their financial obligations and benefit from the best market conditions.

Under the APP, the federal government guarantees repayment of cash advances issued to farmers by the producer organization. These guarantees help the producer organization borrow money from financial institutions at lower interest rates and issue producers a cash advance on the anticipated value of their farm product that is being produced and/or that is in storage. The maximum cash advance of the program is $0.4 million and the loans generally have a repayment term of 18 months.

### *Farm Improvement Loans Act and Canadian Agricultural Loans Act*

The *Canadian Agricultural Loans Act* (CALA) program is a financial loan guarantee program that gives farmers easier access to credit. Farmers can use these loans to establish, improve, and develop farms; while Agricultural co-operatives may also access loans to process, distribute, or market the products of farming.

The CALA program builds on and replaces the previous *Farm Improvement and Marketing Co-operative Loans Act* (FIMCLA) program, which has helped farming operations grow their businesses by guaranteeing loans issued through financial institutions since 1988.

Through the CALA, the Government of Canada is supporting the renewal of the agricultural sector and enabling co-operatives to better seize market opportunities. This program guarantees

95 percent of the value of loans provided to farms and cooperatives by financial institutions. For individual applicants, including corporations, the maximum amount for a *Canadian Agricultural Loans Act* loan is $0.5 million. Most loans are repayable within ten years; for loans on land purchases, the repayment period is 15 years.

### *Canada Student Loans Act*

Student loans provided by financial institutions between 1964 and August 1995, under the *Canada Student Loans Act*, are fully guaranteed by Human Resources and Skills Development Canada (HRSDC) to the lenders. HRSDC reimburses the lenders for the outstanding principal, accrued interest and costs in the event of default, permanent disability or death of the borrower.

### Indian Economic Development Guarantee Program

This program authorizes Indian Affairs and Northern Development Canada to guarantee loans for non-incorporated Indian businesses on a risk-sharing basis with commercial lenders because security restrictions in the *Indian Act* prevent the mortgage and seizure of property located on reserves. Guarantees are provided for various types of borrowers whose activities contribute to the economic development of Indians and enable them to develop long-term credit relationships with mainstream financial institutions.

Loans issued under this program cannot exceed a term of 15 years and the line of credit must be renewed every year. Interest rates on guaranteed loans are consistent with rates provided by lending institutions to commercial businesses, which are usually based on a spread from the prime lending rate. Any security pledged for a guaranteed loan may not be released by the lending institution without the prior approval of the Minister of Indian Affairs and Northern Development.

### On-Reserve Housing Guarantee Program

This program authorizes Indian Affairs and Northern Development Canada to guarantee loans to individuals and Indian bands to assist in the purchase of housing on reserves because security restrictions in the *Indian Act* prevent the mortgage and seizure of property located on reserves. These loan guarantees enable status Indians residing on reserves, Band councils, or their delegated authorities, to secure housing loans without giving the lending institution rights to the property.

Loans under this program are issued by registered lending institutions and Canada Mortgage and Housing Corporation. Payments of principal and interest for loans issued under this program are amortized over a period of 25 years. The interest rates on the guaranteed loans are consistent with conventional mortgage interest rates offered by the major banks.

### Enterprise Development Program

The Enterprise Development Program (EDP) was established in 1977 to encourage the growth of the manufacturing and processing sectors of Canadian industry by improving their viability and international competitiveness. One method of assistance was to provide insurance, of up to 90 percent, to support term loans made by private lenders to restructure operations or supplement working capital when normal financing was not available on reasonable terms.

The program required insured lenders to take reasonable fixed asset security, and provide loans at normal commercial interest rates and terms. The insured lenders were paid 90 percent of the losses sustained by them, after realizing on the security when a company defaulted. The program was closed in the mid-eighties as part of Program Review.

### Regional Aircraft Credit Facility

The Regional Aircraft Credit Facility Program was established in 2004 to provide sales financing assistance in the form of loan guarantees to enable domestic air carriers to acquire Canadian-built fixed-wing commercial jets.

The guarantees are provided on commercial terms and are secured by the aircraft financed by private lenders. These guarantees have a life of 15 years. This program expired on March 31, 2008.

### *Small Business Loans Act* and *Canada Small Business Financing Act*

The *Small Business Loans Act* (SBLA) includes loans registered until March 31, 1999 and the *Canada Small Business Financing Act* (CSBFA) includes both the core loans component (loans registered since April 1, 1999) and the Capital Leasing Pilot Project (leases registered between April 1, 2002 and March 31, 2007). In collaboration with financial institutions, the programs offered under these Acts are designed to help Canadian small and medium-sized enterprises (SMEs) get access to loan and capital leasing financing that would not otherwise have been available, or would only have been available under less favourable terms. In the event a registered loan or lease defaults, the Government pays 85 percent of the net eligible losses. To be eligible, SMEs must be for-profit businesses with revenues not exceeding $5 million per year.

### Accounts administered for the Government by Export Development Canada (EDC)

The Government of Canada has authorized support for insurance and guarantee programs which on the basis of EDC's risk management practices, could not be supported under EDC's Corporate Account but are in the national interest. Canada Account transactions consist of activities undertaken by EDC pursuant to Section 23 of the *Export Development Act*.

### Mortgage Insurance

The Department of Finance guarantees loans insured by the Genworth Financial Mortgage Insurance Company Canada, the Canada Guaranty Mortgage Insurance Company and PMI Mortgage Insurance Company Canada. The maximum amount of guarantees that can be provided to eligible private sector insurers can not exceed a value of $250 000 million. Each eligible private sector insurer is required to pay a quarterly risk premium to the Government and maintain a minimum reserve fund to offset losses.

### Nuclear Liability Reinsurance Account

Under the *Nuclear Liability Act* (NLA), operators of designated nuclear installations are required to possess basic and/or supplementary insurance of $75 million per installation for specified liabilities. The federal government has designated the Nuclear Insurance Association of Canada (NIAC) as the sole provider of third-party liability insurance and property insurance for the nuclear industry in Canada. The NIAC provides insurance to nuclear operators under a standard policy.

The policy consists of two types of coverage: Coverage A and Coverage B. Coverage A includes only those risks that are accepted by the insurer; that is, bodily injury and property damage. Coverage B risks include personal injury that is not bodily; for example, psychological injury, damage arising from normal emissions, and damage due to acts of terrorism.

The NIAC receives premiums from operators for both coverages; however, premiums for Coverage B risks are remitted to the federal government, which reinsures these risks under its reinsurance agreement with the NIAC. Through the reinsurance agreement, the federal government assumes the liability associated with the difference between the basic insurance coverage provided by the NIAC and the full $75 million of liability imposed by the *NLA*, as well as for events listed under coverage B.

The Canadian Nuclear Safety Commission (CNSC) administers the Nuclear Liability Reinsurance Account on behalf of the federal government. The CNSC receives the premiums, paid by the operators of nuclear installations, for the supplementary insurance coverage and credits these to the Nuclear Liability Reinsurance Account in the Consolidated Revenue Fund.

### National Biomass Ethanol Program

By Agreement dated March 30, 2001 (and amended in September 1, 2003), Her Majesty the Queen in the Right of Canada as represented by the Minister of Agriculture and Agri-Food and Farm Credit Canada (FCC) entered into the National Biomass Ethanol Program (NBEP). The purpose of the program is to encourage new biomass fuel ethanol production in Canada. Guarantees are provided in relation to the Line of Credit Agreements entered into by Farm Credit Canada.

### Price Pooling Program — *Agricultural Marketing Programs Act*

The Price Pooling Program (PPP) provides a price guarantee that protects marketing agencies and producers against unanticipated declines in the market price of their products. Program participants use the price guarantee as security in obtaining credit from lending institutions. This credit allows the marketing agency to improve cash flow of producers through an initial payment for products delivered. It also provides equal returns to producers for products of like grades, varieties and types. This program is designed to assist and encourage cooperative marketing of eligible agricultural products, including processed products.

### Obligations to the Canadian Wheat Board under the Agri-Food Credit Facility and the Credit Grain Sales Program

The Department of Finance manages guarantees to The Canadian Wheat Board for the repayment of the principal and interest of all receivables resulting from sales made under the Credit Grain Sale Program and a portion of credit sales made under the Agri-Food Credit Facility.

### Financial Guarantee

The Canadian Broadcasting Corporation provided an absolute and unconditional guarantee, as part of the sale of receivables, of the full payment and timely payments of receivables by the ultimate debtors until 2027.

### International Organizations

Within contingent liabilities, callable share capital represents the portion of Canada's capital subscriptions that has not yet been paid-in. Callable capital is subject to call by offshore banks in the event that they were unable to meet their obligations.

Table 11.6 details the contingent liabilities for international organizations and is summarized in Note 16 to the financial statements in Section 2 of this volume.

### TABLE 11.6
### INTERNATIONAL ORGANIZATIONS CONTINGENT LIABILITIES

(in millions of dollars)[1]

| | March 31/ 2011 | March 31/ 2010 |
|---|---|---|
| NON-BUDGETARY SHARE CAPITAL AND LOANS— | | |
| Callable Share Capital— | | |
| Finance— | | |
| European Bank for Reconstruction and Development | 689 | 622 |
| International Bank for Reconstruction and Development (World Bank) | 4,915 | 5,149 |
| Multilateral Investment Guarantee Agency | 44 | 47 |
| | *5,648* | *5,818* |
| Foreign Affairs and International Trade— | | |
| Canadian International Development Agency— | | |
| African Development Bank | 5,845 | 1,165 |
| Asian Development Bank | 6,240 | 2,154 |
| Caribbean Development Bank | 119 | 50 |
| Inter-American Development Bank | 7,627 | 7,990 |
| | *19,831* | *11,359* |
| Total | 25,479 | 17,177 |

[1] Foreign currencies were translated into Canadian dollars using the closing rates of exchange at March 31, 2011 (1$USD = $0.9696 CAD; 1SDR = $1.54079 CAD; 1 EUR = $1.3743 CAD).

## Environmental Liabilities

### *Remediation of Contaminated Sites*

Based on management's best estimates, a liability for the estimated costs related to the remediation of contaminated sites is accrued when the contamination occurs, or when the Government becomes aware of the contamination, and is obligated or likely obligated to incur such costs. As at March 31, 2011, the Government has recorded a liability of $4,354 million for approximately 2,200 sites ($3,493 million in 2010 for approximately 2,400 sites).

The Government has estimated possible additional clean-up costs of $1,044 million ($1,512 million in 2010) that are not accrued as these are undeterminable at this time. The change in contingent liabilities related to contaminated sites is due to the additional information gathered during the year which enabled the potential liability for certain sites to be more accurately estimated.

### *Future Asset Restoration*

Based on management's best estimates, a liability of $16 million ($16 million in 2010) has been recorded for likely management and clearance action on approximately 42 unexploded explosive ordnance (UXO) affected sites (30 affected sites in 2010). Management has estimated possible additional clearance costs ranging from $180 million to $524 million that are not accrued as these are undeterminable at this time.

The Government's ongoing efforts to assess contaminated sites and UXO affected sites may result in additional liabilities related to newly identified sites, or changes in the assessments or intended use of existing sites. These adjustments will be accrued in the year in which they become known.

## Claims and Pending and Threatened Litigation

Please refer to Note 16 to the financial statements in Section 2 of this volume for information on claims and pending and threatened litigation.

## Insurance Programs of Agent Enterprise Crown Corporations

An insurance program is a program where the insured, an outside party, pays an insurance fee which is credited to an insurance fund or provision. The amount of the fee is based on the estimated amount of insurance fund or provision needed to meet future claims. The Canada Deposit Insurance Corporation, Canada Mortgage and Housing Corporation, and Export Development Canada currently operate insurance programs as agents of Her Majesty. Insurance programs operated by private corporations such as employee group insurance, dental plans, etc., are not included in this definition.

The insurance programs are intended to operate on a self-sustaining basis. However, in the event the corporations have insufficient funds, the Government will have to provide financing. The Government expects that all three corporations will cover the cost of both current claims and possible future claims.

Information presented in Table 11.7 has not been audited since the information presented therein is derived from interim financial statements. Additional financial information relating to these corporations may be found in the "*President of the Treasury Board's Annual Report to Parliament - Crown Corporations and Other Corporate Interests of Canada*". Information contained in Table 11.7 is also summarized in Note 16 to the financial statements in Section 2 of this volume.

## TABLE 11.7
## SUMMARY OF INSURANCE PROGRAMS OF AGENT ENTERPRISE CROWN CORPORATIONS FOR THE YEAR ENDED MARCH 31, 2011

(in millions of dollars)

| | Canada Deposit Insurance Corporation[1] | | Canada Mortgage and Housing Corporation[2] | | | | Export Development Canada[3] | |
|---|---|---|---|---|---|---|---|---|
| | | | Mortgage Insurance Fund | | Mortgage-Backed Securities Guarantee Fund | | | |
| | 2010-2011 | 2009-2010 | 2010-2011 | 2009-2010 | 2010-2011 | 2009-2010 | 2010-2011 | 2009-2010 |
| Insurance in force as at reporting date | 603,842 | 590,013 | 519,600 | 482,328 | 325,662 | 302,444 | 23,964 | 21,427 |
| Opening balance of Fund | 857 | 959 | 8,200 | 7,444 | 976 | 1,440 | (3) | (3) |
| Revenues for the period – | | | | | | | | |
| Premiums and fees | 253 | 198 | 1,749 | 1,706 | 221 | 201 | 219 | 200 |
| Investment income | 34 | 31 | 762 | 641 | 2,129 | 625 | | |
| Other revenues | | | 6 | 5 | 4 | 4 | | |
| Total revenues | 287 | 229 | 2,517 | 2,352 | 2,354 | 830 | 219 | 200 |
| Expenses for the period – | | | | | | | | |
| Loss on/provision for claims | | 300 | 470 | 1,120 | | | 26 | 110 |
| Interest on borrowing | | | 1 | | 1,777 | 1,338 | | |
| Administrative expense | 29 | 30 | 196 | 190 | 13 | 12 | | |
| Other expenses (includes taxes) | 2 | 1 | 507 | 289 | 154 | (116) | | |
| Total expenses | 31 | 331 | 1,174 | 1,599 | 1,944 | 1,234 | 26 | 110 |
| Net income or (loss) for the period | 256 | (102) | 1,343 | 753 | 410 | (404) | 193 | 90 |
| Adjustments | | | 1 | 3 | | (59) | | |
| Closing balance of Fund | 1,113 | 857 | 9,544 | 8,200 | 1,386 | 977 | (3) | (3) |
| Net claims during the period[4] | | | 719 | 569 | * | * | 75 | 226 |
| Five year average of net claims paid | | | 425 | 311 | * | * | 92 | 79 |

*Not applicable.

[1] The Canada Deposit Insurance Corporation (CDIC) provides insurance on deposits placed with member banks and trust and loan companies for up to $100,000 per depositor, per institution. The Corporation is funded by premiums assessed against its member institutions.

[2] Canada Mortgage and Housing Corporation (CMHC) administers two funds: the Mortgage Insurance Fund (MIF) and the Mortgage-Backed Securities Guarantee Fund (MBSGF). The MIF provides insurance for a fee, to lending institutions to cover mortgage lending on Canadian housing. Besides establishing a framework of confidence for mortgage lending by lending institutions, the Fund facilitates an adequate supply of mortgage funds by reducing the risk to lenders and by encouraging the secondary market trading of mortgages, to make housing more accessible for Canadians. An actuarial study of the MIF is produced as of September 30 of each year. The Corporation determines provisions for claims and unearned premiums at December 31 using valuation factors taking into account new business, claims and interest for the last quarter. The MBSGF supports two CMHC guarantee products: *National Housing Act* (NHA) Mortgage-Backed Securities and Canada Mortgage Bonds.
The Mortgage-Backed Securities (MBS) program was implemented in 1987. For a guarantee fee paid by approved financial institutions, CMHC and ultimately the Government guarantee timely payment of monthly principal and interest to MBS investors who participate in a pool of insured residential mortgages which have been repackaged by the financial institution into investments which can be sold to investors in denominations as low as $1,000. The Canada Mortgage Bond (CMB) program was implemented in 2001. Under this program, bonds are issued by a special purpose trust known as Canada Housing Trust and sold to investors in denominations as low as $1,000. The proceeds of the bonds are used to purchase mortgages packaged into newly issued NHA MBS. Canada Mortgage Bonds of $199,238 million ($180,440 million in 2010) including accrued interest, issued by the Trust carry the full faith and credit of the Government of Canada. The timely payment of semi-annual interest and principal at maturity is guaranteed by the Government of Canada through CMHC.

[3] Export Development Canada (EDC) provides export and foreign investment insurance to Canadian businesses to facilitate and develop export trade. The insurance program has been adequate to provide for the full cost of claims experienced to date and for the cost of future claims established based on previous claims experience. The Corporation does not maintain a separate fund for its insurance program and therefore the balance of the fund is not available. EDC maintains an allowance for claims on insurance which is based on an actuarial review of net loss experience and potential net losses. The balance of the allowance is $477 million ($543 million in 2010).

[4] Refers to the difference between claims and amounts received from sales of related assets and other recoveries.

This page has been intentionally left blank.

# SECTION 12

2010-2011

*PUBLIC ACCOUNTS OF CANADA*

## Index

# INDEX

## A

- Abandonment reserve fund—
  - Canada Hibernia Holding Corporation, 6.34, 6.36
- Aboriginal Business Loan Insurance Program, 9.32, 9.36
- Accountable advances, miscellaneous, 9.31, 9.33
- Accounting for expenses, 3.8
- Accounting for revenues, 3.3
- Accounts administered for the Government by Export Development Canada (EDC), 11.28, 11.30
- Accounts payable, 5.3
  - and accrued liabilities, 1.11, 1.16, 2.6, 5.2
    - by category, 5.2
    - other, 2.6, 5.3, 5.6
- ACCOUNTS PAYABLE AND ACCRUED LIABILITIES, 5
- Accounts receivable of consolidated Crown corporations and other entities, 7.4
- Accrued benefit obligation, 2.20
- Accrued salaries and benefits, 5.3
- Accumulated deficit, 1.9, 1.16, 2.6, 2.15
  - at beginning of year, 1.15, 2.5, 3.3
  - at end of year, 1.15, 2.5, 3.3
  - detailed statement of operations and, 1.15
- Accumulated other comprehensive income, 2.15
- ACQUISITION OF LAND, BUILDINGS AND WORKS, *see Volume III, Section 4*
- ACQUISITION OF MACHINERY AND EQUIPMENT, *see Volume III, Section 5*
- Actuarial valuations, 6.19
  - and assumptions, 2.20
- Administered accounts, 6.36, 6.39
- Advance account—Telefilm Canada, 6.40, 6.45
- Advance Payments Program—Agricultural Marketing Programs Act, 11.28, 11.29
- African Development Bank, 9.24, 9.25, 9.26
- African Development Fund, 5.4, 9.25
- Aging of other accounts receivable, 7.4
- Aging of taxes receivable, 7.3
- Agricultural Commodities Stabilization Accounts, 4.10, 4.12
- Agricultural Marketing Programs Act—
  - Advance Payments Program, 11.28, 11.29
  - Price Pooling Program, 11.29, 11.31
- AgriInvest Program, 6.40, 6.45
- AgriStability Program (previously Canadian Agricultural Income Stabilization), 6.40, 6.45
- Air travellers security charge, 3.4
- Allowance for guarantees, 1.16, 2.6, 5.2, 5.14
- Allowance for pension adjustments, 6.2, 6.20, 6.29
- Allowance for valuation, 1.19, 9.3, 9.40
- Amount expected to be repaid from future appropriations, 1.19, 9.5
- Andean Development Corporation, 9.25
- Annual deficit, 2.5, 2.7, 2.8, 3.3
- Annual surplus or deficit, 1.15, 1.17, 1.18
- Annuities agents' pension account, 6.40, 6.44
- Armed services, Estates, 6.35, 6.39
- Asian Development Bank, 5.4, 9.24, 9.26
  - Special, 9.25
- Asian Development Fund, 5.4, 9.25
- Assessed taxes under objection or appeal, 2.31
- Assets under capital leases, 10.2, 10.6
  - by main category, 10.6
- Atlantic Provinces Power Development Act, 9.29, 9.30

## A—*Concluded*

- Atomic Energy of Canada Limited, 3.7
  - (nuclear facility decommissioning), 5.12
- Auditor General of Canada Report on the Financial Statements of the Government of Canada, 2.4
- Authorities available from previous years, *see Volume II, Section 1*
- Authorities for the spending of proceeds from the disposal of surplus Crown assets, *see Volume II, Section 1*
- Authorities granted by statutes other than Appropriation Acts, *see Volume II, Section 1*
- Authorities granted in current year Appropriation Acts, *see Volume II, Section 1*
- Aviation gasoline and diesel fuel, Excise tax, 3.4

## B

- Basis of accounting, 2.9
- Benefit trust fund, 6.35, 6.39
- Bonds for Canada Pension Plan, 1.16, 1.20, 6.2, 6.7, 6.11
- Borrowing authorities, 2.12
- Borrowings by consolidated agent Crown corporations, 4.8
- Borrowings by enterprise Crown corporations and other Government Business Enterprises, 9.14
- Borrowings of enterprise Crown corporations designed as agents of Her Majesty, 6.10
- Budgetary balance, The, 1.5
- Business Development Bank of Canada, 1.19, 9.5, 9.6

## C

- Canada bills, 6.2, 6.7
  - before revaluation, 6.7
- Canada Development Investment Corporation, Holdback—Privatization, 6.34, 6.36
- Canada Foundation account, 6.41, 6.46
- Canada Hibernia Holding Corporation, Abandonment reserve fund, 6.34, 6.36
- Canada Investment Fund for Africa, 9.18, 9.19
- Canada Labour Code—
  - Other, 6.34, 6.36
  - Wage recovery appeals, 6.34, 6.37
- Canada Lands Company Limited, 9.5, 9.6
- Canada Millennium Scholarship Foundation Excellence Awards, 6.41, 6.47
- Canada Mortgage and Housing Corporation, 1.19, 9.5, 9.6
- Canada Pension Plan, 6.32, 6.51
  - Bonds for, 1.16, 1.20, 6.2, 6.7, 6.11
  - Due to, 1.16, 1.19, 2.22, 6.2, 6.32
- Canada Pension Plan Investment Board, 9.18
  - transfers to, 6.32
- Canada Premium Bonds, 6.6
- Canada/Provinces Business Service Centre, 6.42, 6.48
- Canada's Economic Action Plan, 1.4
  - progress in implementing, 1.4
- Canada savings and Canada premium bonds, *see Retail debt*
- Canada Savings Bonds, 6.6
- Canada Small Business Financing Act, 11.28, 11.30
- Canada Student Business Financing Act, 11.28, 11.30

**C**—*Continued*

- Canada Student Loans Act, 11.28, 11.30
- Canada Student Loans Program, 9.31, 9.36
- Canadian Agricultural Income Stabilization, *see AgriStability Program*
- Canadian Agricultural Loans Act, Farm Improvement Loans Act and, 11.28, 11.29
- Canadian Centre for Occupational Health and Safety—Donations, 5.7, 5.9
- Canadian Commercial Bank, 9.31, 9.34
  - and Northland Bank Holdback Account, 4.11, 4.13
- Canadian currency borrowings,
  - Issuance of, 1.18, 2.8
  - Repayment of, 1.18, 2.8
- Canadian currency—Cash in bank, 7.2
- Canadian Dairy Commission, 9.5, 9.7
  - account, 6.34, 6.36
- Canadian Forces Pension Fund Account, 6.20, 6.21, 6.23
- Canadian Forces Superannuation Account, 6.20, 6.21, 6.23
- Canadian Institutes of Health Research—
  - Donations for research, 5.7, 5.9
  - Endowments for health research, 5.8, 5.10
- Canadian producers of frozen groundfish, 9.31, 9.34
- Candidates' and committees' deposits—
  - Election and referendum, 6.35, 6.37
- Capital assets and purchases, 11.15
- Capital assets, purchases and operating leases,
  - Transfer payment agreements, 11.3
- Capital investment activities, 1.18, 2.8
- Capital leases, 6.12
- Capital subscriptions, 9.24
- Caribbean Development Bank, 9.24, 9.26
  - Agricultural Development Fund, 9.25
  - Commonwealth Caribbean Regional, 9.25
  - Special, 5.4, 9.25
- Cash,
  - and accounts receivable, 1.16, 2.6, 7.2
    - interest on bank deposits, 3.7
  - and cash equivalents, 1.16, 2.6, 2.10, 2.22, 7.2
    - at beginning of year, 1.18, 2.8
    - at end of year, 1.18, 1.20, 2.8
      - in Canadian currency, 1.20
      - in foreign currencies, 1.20
  - items not affecting, 1.18, 2.8
  - net increase or decrease in, 1.18, 2.8
  - provided or used by,
    - capital investment activities, 1.18, 2.8
    - financing activities, 1.18, 2.8
    - investing activities, 1.18, 2.8
    - operating activities, 1.18, 2.8
  - used for interest, 2.8
- CASH AND ACCOUNTS RECEIVABLE, 7
- Cash flow, 1.13, 1.14
  - Statement of, 1.18
- Cash in bank, 7.2
  - Canadian currency, 7.2
  - Foreign currencies, 7.2
  - Special deposits, 7.2
- Cash in hands of collectors and in transit, 7.2
- Cash in transit, 7.2
- Central American Bank for Economic Integration, 9.25
- Change due to,
  - inventories, 1.17, 2.7
  - prepaid expenses, 1.17, 2.7
  - tangible capital assets, 1.17, 2.7

**C**—*Continued*

- Change in,
  - accrued benefit obligation and market related value of investments, 2.20
  - foreign exchange accounts, 1.18, 2.10
  - net debt during the year, 1.17, 2.7
  - pension and other future benefits, 1.18, 2.8
  - taxes receivable, 1.18, 2.8
- Changes in liability for remediation of contaminated sites, 5.13
- Children's benefits, 1.15, 2.5
- Civil service insurance fund, 6.40, 6.43
- Claims and pending and threatened litigation, 2.31, 11.32
- Collaborative research projects,
  - Health, 6.41, 6.46
  - Public Health Agency of Canada, 6.41, 6.47
- Common school funds—Ontario and Quebec, 6.41, 6.46
- Commonwealth War Graves Commission, 9.32, 9.39
- Company stock option, 9.32, 9.38
- Comparison of actual results to budget projections, 1.8
- Comprehensive income, other, 2.5, 2.7, 3.3
- Comprehensive land claims, 2.31
- CONSOLIDATED ACCOUNTS, 4
- Consolidated accounts, 3.7
- Consolidated Crown corporations, 3.6
- Consolidated Crown corporations and other entities, 2.24, 4.3
  - accounts receivable, 7.4
  - Atomic Energy of Canada Limited (nuclear facility decommissioning), 5.12
  - other cash, 7.2
  - others, 5.12
- Consolidated specified purpose accounts, 4.10
  - interest, 3.12
  - other, 4.11, 4.13
- Consolidation adjustment, 5.3, 6.4, 6.5, 6.11, 6.43, 9.32, 9.40
- Construction of multi-purpose exhibition buildings, 9.31, 9.33
- Contingent liabilities, 2.11, 2.30, 11.27
  - International Organizations, 11.31
  - of consolidated Crown corporations and other entities, 4.8
  - of enterprise Crown corporations and other Government Business Enterprises, 9.15
- Contractors' security deposits,
  - Bonds—Other departments and agencies, 6.35, 6.38
  - Cash—
    - Canadian Food Inspection Agency, 6.34, 6.36
    - Public Works and Government Services, 6.35, 6.38
    - Royal Canadian Mounted Police, 6.35, 6.38
  - Certified cheques—Agriculture and Agri-Food, 6.34, 6.36
- Contractual obligations, 2.30, 11.2
  - and contingent liabilities, 2.6, 11.2
  - of enterprise Crown corporations and other Government Business Enterprises, 9.16
  - Schedule of minimum payments, 11.2
- CONTRACTUAL OBLIGATIONS AND CONTINGENT LIABILITIES, 11
- Co-operative Housing Project, 9.18
- Corporate—Income tax revenues, 1.15, 2.5, 3.4, 5.11
- Corporate sponsorships and donations, 5.7, 5.10
- Cost-sharing agreement—Office of the Information and Privacy Commissioners of Canada, 6.42, 6.49
- Council of Yukon First Nations—Elders, 9.32, 9.36
- Courts Administration Service—
  - Security for costs, 6.34, 6.37
  - Special account, 6.42, 6.49
- Credit card—Special project fund, 6.43, 6.50

## C—*Concluded*

- Credit risk related to swap and foreign-exchange forward agreements, 2.28
- Crop Reinsurance Fund, 4.10, 4.12
- Cross-currency swap revaluation, 1.16, 1.20, 6.2, 6.8, 6.10, 6.11
- Crown corporations, 3.6
  - other program expenses, 1.15, 2.5
  - other revenues, 1.15, 2.5, 3.6
- Crown corporations and other entities, 2.24
- Customs and excise, 5.11
- Customs duties receivable, 2.23, 7.3
- Customs import duties, 1.15, 2.5, 3.4, 3.5

## D

- Defence Services Pension Continuation Act, 6.21
- Deferred revenues, 5.3, 5.7
  - Specified purpose accounts, other, 5.8
- Dependants' pension fund, 6.40, 6.45, 6.75
- Deposit accounts, 6.34
- Deposit and trust accounts, 6.2, 6.34
- Deposits/Disbursements—Worker's Compensation Board, 6.40, 6.45
- Deposits on disposals, 6.35, 6.38
- Derivative financial instruments, 2.27, 2.29
- Detailed statement of,
  - financial position, 1.16
  - foreign exchange, unmatured debt and cash transactions, 1.20
  - non-budgetary transactions and of non-financial assets, 1.19
  - operations and accumulated deficit, 1.15
- Details of obligation related to capital leases, 6.12
- Details of other program expenses of other ministries, *see Volume II, Section 1*
- Details of other transfer payments by ministry, *see Volume II, Section 1*
- Details of respendable amounts, *see related ministerial section in Volume II*
- Developing countries—International development assistance, 9.20, 9.22
- Development of export trade, 9.20
- Donation and bequest accounts, 5.7
- Donations—
  - Canadian Centre for Occupational Health and Safety, 5.7, 5.9
  - Indian Residential Schools Truth and Reconciliation Commission—National Events, 5.7, 5.9
  - Rideau Hall, 5.7, 5.9
- Donations for research, 5.7, 5.9
- Due to Canada Pension Plan, 1.16, 1.19, 2.22, 6.2, 6.32

## E

- Economic Action Plan, Canada's, 1.4
- Economic highlights, 1.3
- Election and referendum—Candidates' and committees' deposits, 6.35, 6.37
- Employment insurance benefits, 1.15, 2.5
- Employment Insurance Operating Account, 4.10, 4.12, 4.15
  - transactions in the, 4.13
- Employment insurance premiums, 1.15, 2.5, 3.3, 3.5
- Endangered species—Donations, 5.7, 5.9
- Endowment interest accounts, 5.8
- Endowment principal, 4.11, 4.14
- Endowments for health research, 4.11, 4.14, 5.8, 5.10

## E—*Concluded*

- Energy taxes, 1.15, 2.5, 3.4, 3.5
- Enterprise Crown corporations
  - and other government business enterprises, 1.16, 1.18, 1.19, 2.6, 2.8, 2.24, 9.3, 9.4, 9.5
  - borrowings by, 9.14
  - interest and other, 3.6
  - share of annual profit in, 1.18, 2.8, 3.6
- Enterprise Development Program, 11.28, 11.30
- Environmental Damages Fund, 4.11, 4.13
- Environmental liabilities, 1.16, 2.6, 2.11, 2.30, 5.2, 5.12, 11.32
- Environmental Studies Research Fund—
  - Indian Affairs and Northern Development, 4.11, 4.14
  - Natural Resources, 4.11, 4.14
- Equity Ownership, 9.18, 9.19
- Equity transactions, 1.18, 2.8
- Esso Ltd—Norman Wells Project profits, 3.7
- Estates—Armed services, 6.35, 6.39
- Estates fund, 6.36, 6.39
- European Bank for Reconstruction and Development, 9.24, 9.26
- Exchange Fund Account, 3.6, 8.4
- Exchange valuation adjustment, 6.7
- Excise duties, 3.4
- Excise tax—
  - aviation gasoline and diesel fuel, 3.4
  - gasoline, 3.4
- Excise taxes and duties,
  - other, 1.15, 2.5, 3.4, 3.5
  - other miscellaneous, 3.4
  - receivable, 2.23, 7.3
- Expenditures under statutory authorities, 3.13, 3.14
- Expenses, 1.7, 1.8, 1.15, 2.5, 2.9, 2.13, 3.3, 3.8
  - by object, 3.13
  - by segment, 2.13, 3.10
  - by type of resource used in operations, 2.14
  - compared to 2009-2010, 1.8
  - comparison to June 2011 Budget Plan, 1.8
  - total, 1.8
- External expenses by segment and by type, 3.8

## F

- Fair value information, 2.28
- Fair wages deposit account, 6.34, 6.37
- Farm Credit Canada, 1.19, 9.5, 9.6
  - Guarantee Loans Program, 9.32, 9.36
- Farm Improvement Loans Act and Canadian Agricultural Loans Act, 11.28, 11.29
- Federal/provincial agreement—Advance account, 6.40, 6.45
- Federal/provincial collaborative agreement, 6.41, 6.47
- Federal/provincial cost-sharing agreements, 6.41, 6.46
- Federal-provincial fiscal arrangements, 9.29, 9.30
- FEDERAL-PROVINCIAL SHARED-COST PROGRAMS, *see Volume III, Section 9*
- Federal/provincial shared-cost project,
  - Human Resources and Skills Development, 6.41, 6.47
  - Interprovincial Computerized Examination Management System (ICEMS), 6.41, 6.47
- Fees and charges, other, 3.6
- Field British Columbia and Yukon Operations of the Northern Canada Power Commission, 6.34, 6.37
- Financial assets, 1.12, 1.16, 2.6
  - and liabilities, 2.28

**F**—*Concluded*

- Financial assistance to,
  - Canadians abroad, 6.41, 6.46
  - enterprise Crown corporations and other Government Business Enterprises, 9.17
  - General Motors, 2.14
- Financial assistance under budgetary appropriations to consolidated Crown corporations, 4.9
- Financial Consumer Agency of Canada—Advances, 9.31, 9.34
- Financial Guarantee, 11.29, 11.31
- Financial highlights, 1.2, 1.5
- Financial Instruments, 2.27
- Financial position of consolidated Crown corporations and other entities—Assets, liabilities and equity, 4.4
- Financial position of enterprise Crown corporations and other Government Business Enterprises—Assets, liabilities and equity, 9.10
- FINANCIAL STATEMENTS DISCUSSION AND ANALYSIS, 1
- Financial Statements Discussion and Analysis, 1.2
  - discussion and analysis, 1.3
    - accumulated deficit, 1.9
    - economic highlights, 1.3
    - risks and uncertainties, 1.14
    - the budgetary balance, 1.5
    - total expenses, 1.8
  - glossary of terms, 1.21
  - introduction, 1.2
    - financial highlights, 1.2, 1.5
- FINANCIAL STATEMENTS OF REVOLVING FUNDS, *see Volume III, Section 1*
- FINANCIAL STATEMENTS OF THE GOVERNMENT OF CANADA AND REPORT AND OBSERVATIONS OF THE AUDITOR GENERAL OF CANADA, 2
- Financing activities, 1.18, 2.8
- Fines for the Transportation of Dangerous Goods, 4.11, 4.14
- First Nations in British Columbia, 9.32, 9.37
- Foreign claims fund, 6.41, 6.46
- Foreign currencies borrowings,
  - issuance of, 1.18, 2.8
  - repayment of, 1.18, 2.8
- Foreign currencies—Cash in bank, 7.2
- Foreign currency risk and sensitivity analysis to foreign currency exposures, Managing, 2.28
- Foreign currency translation, 2.11
- FOREIGN EXCHANGE ACCOUNTS, 8
- Foreign exchange accounts, 1.16, 1.20, 2.6, 2.10, 2.23, 8.2
  - change in, 1.18, 2.8
- Foreign-exchange forward agreements, 2.27
- Foreign exchange net revenues, 1.15, 2.5, 3.6
  - Exchange Fund Account, 3.6
  - International Monetary Fund, 3.6
  - other, 3.6
- Foreign governments, 6.42, 6.49
- Francophone Summits, 6.43, 6.50
- Funds from non-governmental organizations, 6.41, 6.46
- Future asset restoration, 2.31, 11.32
  - others, 5.12
  - unexploded explosive ordnance affected sites, 5.12
- Future benefit expense, 2.19
- Future benefit liability, 2.18

**G**

- Gasoline—Excise tax, 3.4
- General security deposits, 6.35, 6.37
- Global Environment Facility, 9.25, 9.27
  - Trust Fund, 5.4, 9.25
- Glossary of terms, 1.21
- Goods and services tax, 1.15, 2.5, 3.4, 3.5, 5.11
  - receivable, 2.23, 7.3
- Government Annuities Account, 6.2, 6.33, 6.69
- Government's cost of operations, 3.10
- Government's holdings, 6.4, 6.5, 6.11
  - and securities held for the retirement of unmatured debt, 6.4
- Greater Victoria Harbour Authority, 9.32, 9.39
- Guarantee deposits—
  - Canada Border Services Agency, 6.35, 6.37
  - Canada Revenue Agency, 6.34, 6.36
  - Fisheries and Oceans—Fish Habitat Preservation, 6.34, 6.36
  - Indian Affairs and Northern Development, 6.34, 6.37
    - oil and gas, 6.34, 6.37
    - reserve resources, 6.34, 6.37
  - Natural Resources—Oil and gas, 6.34, 6.37
- Guarantees provided by the Government, 11.28
  - contingent liabilities, 2.30

**H**

- Haddock fishermen, 9.31, 9.34
- Health Insurance Supplementary Account, 4.10, 4.12
- H.L. Holmes Fund, 4.11, 4.14, 5.8, 5.10, 9.32, 9.38
- Hog Industry Loan Loss Reserve Program, 9.31, 9.33
- Holdback—Privatization, Canada Development Investment Corporation, 6.34, 6.36

**I**

- Immigrant investor program, 6.41, 6.45
- Immigration guarantee fund, 6.35, 6.38
- Immigration loans, 9.31, 9.34
- Imprest account cheques, 7.2
- Imprest accounts, standing advances and authorized loans, 9.31, 9.33
- Income from securities in trust—Bankruptcy and Insolvency Act, 6.42, 6.48
- Income tax revenues—
  - corporate; non-resident; personal, 1.15, 2.5, 3.4
- Income taxes receivable—
  - corporations; employers; individuals; non-residents, 2.23, 7.3
- Independent Auditor's Report, 2.4
- Indian,
  - band funds, 6.38
    - capital accounts, 6.35, 6.38
    - revenue accounts, 6.35, 6.38
    - shares and certificates, 6.42, 6.48
  - compensation funds, 6.42, 6.48
  - economic development fund, 9.32, 9.37
  - Economic Development Guarantee Loans Program, 9.32, 9.37, 11.28, 11.30
  - estate accounts, 6.35, 6.39
  - moneys suspense account, 6.42, 6.48
  - Residential Schools Settlement Agreement—Common Experience Payments, 6.35, 6.38
  - savings accounts, 6.35, 6.39
  - special accounts, 6.42, 6.48

**I** —*Concluded*

Inmates' trust fund, 6.35, 6.39
Insurance accounts, 4.10, 4.12
Insurance and death benefit accounts, 6.40
Insurance company liquidation, 6.40, 6.43
Insurance programs of agent enterprise Crown
    corporations, 2.31, 11.32
  Summary of, 11.33
Inter-American Development Bank, 9.24, 9.27
  Fund for Special Operations, 5.4, 9.25
Interest,
  accrued, 5.13
  and matured debt, 1.16, 2.6, 5.2, 5.13
  and other, 3.6
  and penalties—Miscellaneous, 3.6
  due, 5.13
  expense, 2.19
  on bank deposits, 3.7
  paid to the Government, 9.7
  rates, market debt, 6.9
INTEREST-BEARING DEBT, 6
Interest-bearing debt, 1.10, 1.16, 2.6, 6.2
  by category, 6.3
  structure of, 6.11
International Bank for Reconstruction and Development, 9.25
  (World Bank), 5.4, 9.24, 9.26
International contractual obligations, 11.27
International development assistance—Developing
  countries, 9.20, 9.22
International Development Association, 5.4, 9.25, 9.27
International Finance Corporation, 9.24, 9.26
  Financial Mechanism for Climate Change
    Facility, 9.25, 9.27
  Global Agriculture and Food Security Program, 9.25, 9.27
  Global Trade Liquidity Program, 9.25, 9.27
International financial institutions, 5.4, 9.25, 9.28
International Fund for Agriculture Development, 5.4, 9.25
International Monetary Fund, 3.6, 9.25
  loans, 1.16, 1.20, 8.2, 8.3
  notes payable, 1.16, 1.20, 8.2, 8.3
  Poverty Reduction and Growth Trust, 9.25, 9.27
  special drawing rights allocations, and, 1.16, 1.20
  subscriptions, 1.16, 1.20, 8.2, 8.3
International organizations, 1.19, 2.30, 3.7, 9.3, 9.24, 11.31
  contingent liabilities, 11.31
International organizations and associations, 9.25, 9.28
International reserves held in the Exchange Fund Account,
  1.16, 1.20, 8.2
Inuit Loan Fund, 9.32, 9.37
Inventories, 1.16, 1.19, 2.6, 10.2
  change due to, 1.17, 2.7
Investing activities, 1.18, 2.8
Investments, 1.19, 2.24, 9.5
  and accumulated profits/losses, 9.5
  capital, 1.19
  dividends, 1.19
  other comprehensive income (-) or loss, 1.19
  share of annual profit, 1.19
Investors' Indemnity Account, 4.10, 4.12

**J**

Joint Learning Program, 9.32, 9.39
Joint research and development projects—
  National Defence, 6.42, 6.49
  Royal Canadian Mounted Police, 6.43, 6.50
Judges Act, 6.21

**L**

Labour standards suspense account, 6.41, 6.47
Laurier House—Interest (Mackenzie King trust account), 5.8, 5.10
Lease and use of public property, 3.6
Liabilities, 1.16, 2.6
  and financial assets, 2.28
Library and Archives of Canada—Special Operating Account,
  5.7, 5.9, 6.40, 6.45
Loans and accountable advances, 9.31
Loans and advances, 1.19, 2.24, 9.5
  issuance of, 1.18, 2.8
  other, 1.19, 2.24
  repayment of, 1.18, 2.8
LOANS, INVESTMENTS AND ADVANCES, 9
Loans, investments and advances, 1.16, 1.19, 2.6, 2.10, 3.7, 9.3
  issuance of other, 1.18, 2.8
  other, 1.16, 1.19, 2.6, 2.25, 3.7, 9.3, 9.31
  other departments—Miscellaneous, 9.32, 9.40
  repayment of other, 1.18, 2.8
Lower Churchill Development Corporation Limited, 9.18

**M**

Mackenzie King trust account, 4.11, 4.14
  Laurier House—Interest, 5.8, 5.10
Manufacturing, processing and service industries in Canada,
  9.32, 9.38
Market debt, 2.16, 6.2, 6.11
  as at March 31, from 2007 to 2011, with the average rate
    of interest thereon, 6.9
  of the Government of Canada, 6.10
  payable in Canadian currency, 6.11
  payable in foreign currency, 6.11
Market development incentive payments—Alberta, 6.42, 6.49
Market related value of investments, 2.20
Marketable bonds, 1.16, 1.20, 6.3, 6.4
  nominal, 6.11
  payable in Canadian currency, 6.2, 6.4
  payable in foreign currencies, 6.2, 6.4
  real return, 6.11
Matured debt, 5.13
Maturity and currency of borrowings by enterprise Crown
  corporations and other Government Business Enterprises, 9.15
Maturity of Government Debt, 6.10
Media travel expenses—Share-cost projects, 6.43, 6.50
Members of Parliament Retirement Compensation Arrangements
  Account, 6.19, 6.20, 6.21, 6.26
Members of Parliament retiring allowances, 6.19
  Account, 6.19, 6.20, 6.21, 6.25
Military purchases excess funds deposit, 6.43, 6.50
Minimum lease payments related to capital leases, 6.16
Ministerial expenditures by standard object,
  *see Volume II, Section 1*

**M**—*Concluded*

Ministerial expenditures by type, *see Volume II, Section 1*
Ministerial revenues, *see Volume II, Section 1*
Ministries, other program expenses, 1.15, 2.5
Ministry summary (of source and disposition of authorities), *see related ministerial section in Volume II*
Miscellaneous accountable advances, 9.31, 9.33
Miscellaneous accountable imprest funds and standing advances, 9.31, 9.33
Miscellaneous excise taxes and duties, other, 3.4
Miscellaneous federal/provincial projects,
  Health, 6.41, 6.46
  Public Health Agency of Canada, 6.41, 6.47
Miscellaneous paylist deductions, 5.3, 5.6
Miscellaneous projects deposits—
  Canadian Heritage, 6.40, 6.45
  Environment, 5.7, 5.9, 6.41, 6.45
  Fisheries and Oceans, 6.41, 6.46
  Parks Canada Agency, 6.41, 6.46
Miscellaneous other revenues, 3.6
Missions abroad, 9.31, 9.33
Montreal Protocol Multilateral Fund, 5.4, 9.25
Mortgage Insurance, 11.29, 11.30
Mounted Police Foundation, 5.8, 5.10
Multilateral Investment Fund, 5.4, 9.25
Multilateral Investment Guarantee Agency, 5.4, 9.24, 9.26
Municipal Development and Loan Board, 9.29, 9.30
Mutual fund capital gain refund overpayments, 9.29, 9.30

**N**

National Battlefields Commission—Trust Fund, 4.11, 4.13
National Biomass Ethanol Program, 11.29, 11.31
National Events—Donations, 5.7, 5.9
National governments including developing countries, 1.19, 3.7, 9.3, 9.20
National Marketing Programs, 9.31, 9.33
National Research Council of Canada—Trust fund, 5.7, 5.9
Native Claimants, 9.32, 9.37
NATO, *see North Atlantic Treaty Organization*
Natural Sciences and Engineering Research Council—Trust fund, 5.7, 5.9
Net change in other accounts, 1.18, 2.8
Net debt, 1.12, 1.16, 2.6
  at beginning of year, 1.17, 2.7
  at end of year, 1.17, 2.7
  net decrease or increase in, 1.17, 2.7
    due to operations, 1.17, 2.7
Net decrease or increase in cash, 2.8
Newfoundland Offshore Revenue Account, 6.42, 6.50
New Parks and Historic Sites Account, 4.11, 4.13
Non-budgetary transactions and non-financial assets, 1.19
NON-FINANCIAL ASSETS, 10
Non-financial assets, 1.13, 1.16, 1.19, 2.6, 2.10, 10.2, 10.3
  and non-budgetary transactions, 1.19
  by category, 10.2, 10.3
Non-government agencies, 6.42, 6.49
Non-Indian moneys, 6.42, 6.48
Non-lapsing authorities granted/repealed in the current year, *see Volume II, Section 1*
Non-marketable bonds and notes, *see Bonds for Canada Pension Plan*
Non Public Property, 2.25
Non-resident—Income tax revenues, 1.15, 2.5, 3.4
Nordion International Inc., 9.32, 9.38

**N**—*Concluded*

North Atlantic Treaty Organization (NATO),
  Damage claims recoverable, 9.20, 9.23
  Infrastructure projects, 6.42, 6.49
North Portage Development Corporation, 9.18, 9.19
Northern Canada Power Commission, Field British Columbia and Yukon Operations of the, 6.34, 6.37
Notes payable to international organizations, 5.3, 5.4
Notes to the Financial Statements of the Government of Canada, 2.9
Nova Scotia Offshore Revenue Account, 6.42, 6.50
Nuclear Liability Reinsurance Account, 4.10, 4.13, 11.29, 11.31

**O**

Obligation related to capital leases, 1.16, 1.20, 2.17, 6.2, 6.10, 6.11, 6.12
  details of, 6.12
Obligations to the Canadian Wheat Board under the Agri-Food Credit Facility and the Credit Grain Sales Program, 11.29, 11.31
Observations of the Auditor General on the Financial Statements of the Government of Canada, 2.34
Old age security benefits, guaranteed income supplement and spouse's allowance, 1.15, 2.5
On Reserve Housing Guarantee Loans Program, 9.32, 9.38, 11.28, 11.30
Operating activities, 1.18, 2.8
Operating leases, 2.30, 11.23
Other accounts, net change in, 1.18
Other accounts payable and accrued liabilities, 1.16, 2.6, 5.2, 5.3, 5.6
Other accounts receivable, 1.16, 1.19, 2.6, 2.22, 7.2, 7.4
Other business loans, 9.32, 9.38
Other cash—Consolidated Crown corporations and other entities, 7.2
Other comprehensive income or loss, 1.15, 1.17, 2.5, 2.7, 2.11, 3.3
Other consolidated specified purpose accounts, 4.11, 4.13
Other deferred revenues—Specified purpose accounts, 5.7
Other departments—Miscellaneous, 9.32, 9.40
Other (diplomatic services, lieutenant governors, etc.), 6.21
Other employee and veteran future benefits, 1.16, 1.19, 2.6, 6.2, 6.11, 6.30
  public sector pensions and, 2.11, 2.17
Other excise taxes and duties, 1.15, 2.5, 3.4, 3.5
Other fees and charges, 3.6
Other future benefits - overview of the plans, 2.18
OTHER GOVERNMENT-WIDE INFORMATION, *see Volume III, Section 10*
Other levels of Government, Major transfer payments to, 1.15, 2.5, 2.13
Other liabilities, 1.16, 1.19, 2.6, 2.22, 3.12, 6.2, 6.11, 6.31
Other loans, investments and advances, 1.16, 1.19, 2.6, 2.25, 3.7, 9.3, 9.31
  issuance of, 1.18, 2.8
  repayment of, 1.18, 2.8
OTHER MISCELLANEOUS INFORMATION, *see Volume III, Section 11*
Other program expenses, 1.15, 2.5, 3.3, 3.10, 3.13
Other programs, other revenues, 1.15, 2.5, 3.6
Other receivables, 7.4
Other revenues, 1.15, 2.5, 3.3, 3.6
Other specified purpose accounts, 6.2, 6.40
Other taxes and duties, 1.15, 2.5, 3.4
Other transactions, 1.19
Other transfer payments, 1.15, 2.5
Outstanding cheques, 7.2
  and warrants, 7.2

**P**

Outstanding swap agreements, 6.11
Pacific Rim Mitigation Fund, 5.7, 5.9
Parolees, 9.32, 9.39
PAYMENTS OF CLAIMS AGAINST THE CROWN,
  EX GRATIA PAYMENTS AND COURT AWARDS,
  *see Volume III, Section 8*
Pension accounts, 6.40
Pension assets, 2.18
Pension benefits - overview of the plans, 2.17
Pension and other future benefits, 1.16, 1.19, 2.6, 3.12
    change in, 1.18, 2.8
Pension, other future benefits and other liabilities, public sector,
  6.2, 6.11, 6.18
Pension plan for federally appointed judges, 6.19
Pension plans, 6.18
Pensioners' Dental Services Plan, 6.30, 6.31
Pensions and other employee and veteran future benefits, 2.11
Personal and non-resident income tax, 5.11
Personal—Income tax revenues, 1.15, 2.5, 3.4
Personnel posted abroad, 9.31, 9.33
Petro-Canada Enterprises Inc—Unclaimed shares, 6.42, 6.48
Plan (Public sector pensions and other employee
    and veteran future benefits),
  amendments, 2.19
  curtailments, 2.19
Portfolio investments, 1.19, 3.7, 9.3, 9.18
Poverty Reduction and Growth Trust, 9.25, 9.27
Preface to the financial statements of the Government
  of Canada, 2.2
Prepaid expenses, 1.16, 1.19, 2.6, 10.2
  change due to, 1.17, 2.7
Price Pooling Program—Agricultural Marketing
  Programs Act, 11.29, 11.31
Prime Minister Awards and other deposits, 5.7, 5.9
PROFESSIONAL AND SPECIAL SERVICES,
  *see Volume III, Section 3*
Program activity, *see related ministerial section in Volume II*
Program expenses, other, 1.15, 2.5, 3.3, 3.10, 3.13
Program revenues, other, 1.15, 2.5, 3.6
Project deposits—Statistics Canada, 6.42, 6.49
Provincial and territorial governments, 1.19, 3.7, 9.3, 9.29
Provincial arrangement on capital assets, 5.7, 5.8
Provincial funding for collaborative arrangement—
    Labour Market Development Agreement (LMDA),
  British Columbia, 6.41, 6.47
  Newfoundland and Labrador, 6.41, 6.47
  Nova Scotia, 6.41, 6.47
  Ontario, 6.41, 6.48
  Yukon Territory, 6.42, 6.48
Provincial, territorial and Aboriginal tax agreements
  account, 1.19, 5.3, 5.5
Provincial workers' compensation boards, 9.31, 9.36
PUBLIC DEBT CHARGES, *see Volume III, Section 7*
Public debt charges, 1.15, 2.5, 2.13, 3.3, 3.11, 3.12, 3.13, 3.14
Public Sector Pension Investment Board, 9.18, 9.19
Public sector pensions, 1.16, 1.19, 2.6, 6.2, 6.11, 6.18, 6.20
  and other employee and veteran future benefits, 2.11, 2.17
Public Service Death Benefit Account, 6.40, 6.44
Public Service Health Care Plan, 6.30, 6.31
Public Service Pension Fund Account, 6.20, 6.21, 6.22
Public Service Superannuation Account, 6.20, 6.21, 6.22
Purchases, 11.17

**Q**

Queen's Fellowship Fund, 4.11, 4.14, 5.8, 5.10

**R**

Radarsat, 6.42, 6.49
RADARSAT-2, 5.7, 5.9
  Data satellite, 5.7, 5.9
Recapitulation of external expenses by type,
  *see Volume II, Section 1*
Recapitulation of external revenues by source,
  *see Volume II, Section 1*
Reconciliation of external expenditures by standard
  object to expenses, *see Volume II, Section 1*
Regional Aircraft Credit Facility, 11.28, 11.30
Regular Forces Death Benefit Account, 6.40, 6.44
Remediation of contaminated sites, 2.30, 5.12, 11.32
Reporting entity, 2.9
Reserve Force Pension Fund Account, 6.20, 6.21, 6.24
Restitutions under the Competition Act, 6.35, 6.39
Restricted donations—
  Fisheries and Oceans, 5.7, 5.9
  Veterans Affairs,
    Canadian Memorial, 5.8, 5.10
    Wounded Warrior Fund, 5.8, 5.10
Retail debt, 1.16, 1.20, 6.2, 6.6, 6.11
Retirement Compensation Arrangements (RCA) Account,
  6.20, 6.21, 6.26, 6.27
Retiring allowances account—Members of Parliament, 6.19
Return on investments, 3.6, 3.7
  external, 3.7
  internal to the Government, elimination of, 3.7
  ministerial, 3.7
    Accrual of other revenues, 3.7
    Net (loss) gain on exchange, 3.7
Returned soldiers' insurance fund, 6.40, 6.44
Revenues, *see related ministerial section in Volume II*
Revenues, 1.6, 1.15, 2.5, 2.9, 3.3
  compared to 2009-2010, 1.6
  deferred, 5.3, 5.7
  other, 1.15, 2.5, 3.3, 3.6
  taxes, 1.15, 2.5, 3.3, 3.4
REVENUES, EXPENSES AND ACCUMULATED DEFICIT, 3
Revenues, expenses and accumulated deficit, 3.3
Revenues, expenses and other changes in equity of,
  consolidated Crown corporations and other entities, 4.6
  enterprise Crown corporations and other Government
    Business Enterprises, 9.12
Rideau Hall—Donations, 5.7, 5.9
Rights and privileges, 3.6
Risks and uncertainties, 1.14
Royal Canadian Mounted Police,
  Benefit trust fund, 6.35, 6.39
  Continuation Act, 6.21
  Dependants' pension fund, 6.40, 6.45, 6.75
  Disability and other future benefits, 6.30, 6.31
  Pension Fund Account, 6.20, 6.21, 6.25
  Pipe Band (NCR), 5.8, 5.10
  Sponsorship Agreement—Contributions, 5.8, 5.10
  Superannuation Account, 6.20, 6.21, 6.24

**S**

Saint John Harbour Bridge Authority, 9.32, 9.39
Sales of goods and information products, 3.6
Sales of goods and services, *see Volume II, Section 1*
Sales of seized assets, 6.41, 6.46
Schedule of minimum payments, 11.2
Scholastic awards, 6.35, 6.39
Securities in trust—Bankruptcy and Insolvency Act, 6.42, 6.48
Security equipment purchases, 6.42, 6.50
Security for costs,
  Courts Administration Service, 6.34, 6.37
  Supreme Court of Canada, 6.34, 6.37
Segmented information, 2.32
Seized assets—Canadian funds, 6.43, 6.50
Seized property—Cash, 6.35, 6.38
Seized Property Proceeds Account, 4.11, 4.14
Seized Property Working Capital Account, 9.32, 9.39
Service fees for immigration and citizenship, 5.7, 5.8
Services of a non-regulatory nature, 3.6
Services of a regulatory nature, 3.6
Severance and other benefits, 6.30, 6.31
Share of annual profit in enterprise Crown corporations and
  other government business enterprises, 1.18, 2.8
Shared-cost agreements,
  Agriculture and Agri-Food—Research, 5.7, 5.8
  Canadian Centre for Occupational Health and Safety, 6.42, 6.48
  Canadian Food Inspection Agency, 6.40, 6.45
  Foreign Affairs and International Trade, 6.41, 6.46
  Governor General—Awards, 5.7, 5.9
  NAFTA Secretariat, Canadian Section, 6.41
  Natural Resources—Research, 6.42, 6.50
  Transportation research and development, 5.8, 5.10
  Veterans Affairs, 6.43, 6.50
Shared-cost/joint project agreements—Research, 6.42, 6.49
Shared-cost projects,
  Canadian International Development Agency,
    Support to various programs, 6.41, 6.46
  Foreign Affairs and International Trade, 6.41, 6.46
  Industry, 6.42, 6.49
  Natural Resources, 6.42, 6.50
  Privy Council—Media travel expenses, 6.43, 6.50
Ship-Source Oil Pollution Fund, 4.10, 4.13
Significant accounting policies, Summary of, 2.9
Significant transactions, 2.14
Small Business Loans Act, 11.28, 11.30
Social Sciences and Humanities Research Council—
  Queen's Fellowship Fund, 5.8, 5.10
  Trust Fund, 5.7, 5.9
Softwood lumber products export charge, 3.4
Source and disposition of authorities by type (voted and statutory),
  *see Volume II, Section 1*
Source and disposition of budgetary authorities by ministry,
  *see Volume II, Section 1*
Source and disposition of non-budgetary authorities by ministry,
  *see Volume II, Section 1*
Source of budget amounts, 2.12
Special account—Courts Administration Service, 6.42, 6.49
Special accounts—Section 63, Indian Act, 6.34, 6.37
Special deposits—Cash in bank, 7.2
Special drawing rights allocations, 1.16, 1.20, 8.2, 8.3
Special operating account—Library and Archives of Canada,
  5.7, 5.9, 6.40, 6.45

**S**—*Concluded*

Specified purpose accounts,
  other, 6.2, 6.40
  other deferred revenues, 5.7
Spectrum licence fees and other fees, 5.7, 5.8
Spending and borrowing authorities, 2.12
Spending authorities, 2.12
  over-expenditure of, 2.12
Sponsorship Agreement—Contributions, 5.8, 5.10
Statement of all borrowing transactions on behalf of
  Her Majesty, 6.10
Statement of cash flow, 1.18, 2.8
Statement of change in net debt, 1.17, 2.7
Statement of financial position, 1.10, 2.6
  detailed, 1.16
Statement of foreign exchange, unmatured debt
  and cash transactions, detailed, 1.20
Statement of non-budgetary transactions and
  of non-financial assets, detailed, 1.19
Statement of operations and accumulated deficit, 2.5
  detailed, 1.15
Statement of responsibility, 2.3
Statement of revenues and expenses, *see Volume II, Section 1*
St. Lawrence Seaway Management Corporation, 9.32, 9.39
Stoney Band Perpetual Loan, 9.32, 9.38
Strategic outcome and program activity descriptions,
  *see related ministerial section in Volume II*
Structure of interest-bearing debt, 6.11
Summary combined Financial Statements of enterprise
  Crown corporations and other Government Business
  Enterprises by segment, 9.9
Summary Financial Statements of,
  consolidated Crown corporations and other entities, 4.3
  enterprise Crown corporations and other Government
    Business Enterprises, 9.8
Summary of insurance programs of agent enterprise Crown
  corporations, 11.33
Summary of significant accounting policies, 2.9
Summary of transactions in public sector pensions that
  resulted in charges to expenses, 6.21
Superannuation accounts, 6.2, 6.20
Supplementary Fish Fines Account, 4.11, 4.13
SUPPLEMENTARY INFORMATION REQUIRED BY THE
  *FINANCIAL ADMINISTRATION ACT, see Volume III, Section 2*
Supplementary Retirement Benefits Account, 6.21, 6.28
  Judges, 6.20
  Others, 6.20
Support and development of trade (loans administered by
  Export Development Canada), 9.31, 9.34
Swap agreements, 2.27
Swap collateral deposit, 6.34, 6.36

**T**

Tangible capital assets, 1.16, 1.19, 2.6, 2.26, 10.4
  acquisitions of, 1.17, 1.18, 2.7, 2.8
  amortization of, 1.17, 1.18, 2.7, 2.8
  by main custodian ministries, 10.4
  change due to, 1.17, 2.7
  net, 10.2
  net loss or gain on disposal of, including adjustments,
    1.17, 1.18, 2.7, 2.8
  proceeds from disposal of, 1.17, 1.18, 2.7, 2.8

**T**—*Concluded*

Tax revenues, 1.15, 2.5, 3.3, 3.4
Taxes and other accounts receivable, 2.22
Taxes payable, 1.16, 1.19, 2.6, 5.2, 5.11
    corporate income tax; customs and excise; goods and services tax; personal and non-resident income tax, 5.11
Taxes receivable, 1.16, 1.19, 2.6, 7.2, 7.3
    change in, 1.18, 2.8
Telefilm Canada—Advance account, 6.40, 6.45
Temporary deposits received from importers, 6.35, 6.38
Ten year comparative financial information, 1.15
Total expenses by segment, 2.13
Transactions in the Employment Insurance Operating Account, 4.13
Transfer payment agreements, 2.30
Transfer payment agreements, capital assets, purchases and operating leases, 11.3
Transfer payments, *see related ministerial section in Volume II*
TRANSFER PAYMENTS, *see Volume III, Section 6*
Transfer payments, 1.15, 2.5, 3.3, 3.10, 3.13
    by province and territory, major, 3.11
    Canada Health and social transfer—
        Canada health transfer, 1.15
        Canada social transfer, 1.15
        Fiscal arrangements, 1.15
    other, 2.5
    other major transfers, 1.15
    Quebec abatement, 1.15
    to other levels of government, Major, 1.15, 2.5, 2.13
Treasury bills, 1.16, 1.20, 6.2, 6.5, 6.11
    average yields at tender, 6.9
Trust accounts, 6.35
Trust fund,
    Benefit, 6.35, 6.39
    Global Environment Facility, 9.25, 9.27
    Inmate's, 6.35, 6.39
    National Battlefields Commission, 4.11, 4.13
    National Research Council of Canada, 5.7, 5.9
    Natural Sciences and Engineering Research Council, 5.7, 5.9
    Social Sciences and Humanities Research Council, 5.7, 5.9
    Veterans administration and welfare, 6.36, 6.39

**U**

Unamortized discounts and premiums, 1.19, 9.5
    on market debt, 1.16, 1.20, 6.2, 6.8, 6.10, 6.11
    on marketable bonds, 6.8
Unamortized discounts on,
    Canada Bills, 6.8
    Treasury Bills, 6.8
Unclaimed dividends and undistributed assets—
    Bankruptcy and Insolvency Act, 6.42, 6.49
    Canada Business Corporations Act, 6.42, 6.49
    Winding-up and Restructuring Act, 6.42, 6.49
Unconditionally repayable contributions, 9.31, 9.33
Underground Economy Working Group, 6.40, 6.45
Unexploded explosive ordnance affected sites, 5.12
Unmatured debt, 1.16, 1.20, 2.6, 2.10, 2.15, 3.12, 6.2, 6.3, 6.11
    other, 1.16, 1.20, 6.2, 6.11
    payable in Canadian currency, 1.16, 1.20, 6.2
    payable in foreign currencies, 1.16, 1.20, 6.2
Use of estimates and measurement uncertainty, 2.11

**V**

Vehicles, 10.6
    by sub-category, 10.6
Veterans administration and welfare trust fund, 6.36, 6.39
Veterans' disability and other future benefits, 6.30, 6.31
Veterans insurance fund, 6.40, 6.44
Veterans' Land Act Fund—Advances, 9.32, 9.40

**W**

War claims fund—World War II, 6.41, 6.46
Winter capital projects fund, 9.29, 9.30
Workers' compensation, 6.30, 6.31
World Health Organization, 6.41, 6.47